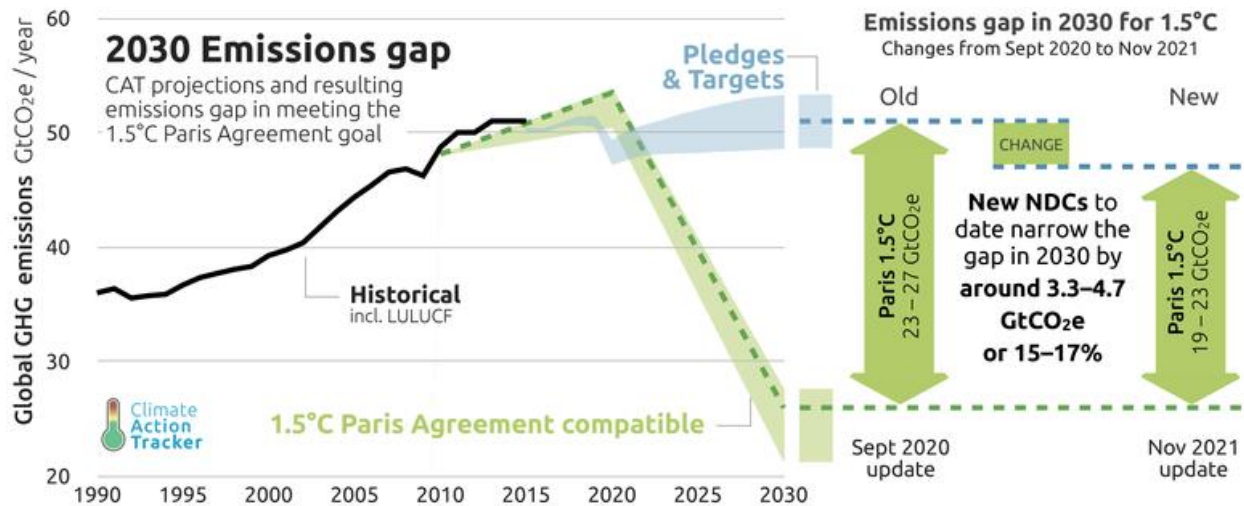


## Vague Net-Zero Pledges By Companies Leads to Greenwashing

Companies achieving net-zero is critical in the ability of nations to meet their larger decarbonisation plans. The general consensus is that this needs to happen by 2050, but some experts go and say it needs to happen even sooner. Regardless of the timeline, it's agreed that change needs to happen – and it needs to happen fast.

Countries and companies are coming under increasing pressure from multilateral agreements, governments, and the public to reduce their carbon footprints. Consumers, investors, and business partners are all placing more value on the environmental policies that companies abide by.

Companies are being pushed to make positive environmental changes to their business activities. As a result, most businesses have now announced climate pledges. Most of these revolve around going net-zero by 2050 or earlier – but there's a problem with that.



Source: [Climate Action Tracker](#)

Studies show that many [businesses are not backing up their claims](#). They make vague net-zero pledges to appease stakeholders and look favourable in the public eye but continue operations as if announcing intentions to change was all that was necessary.

## How Helpful are Net-zero Pledges?

There are a few issues when it comes to net-zero pledges:

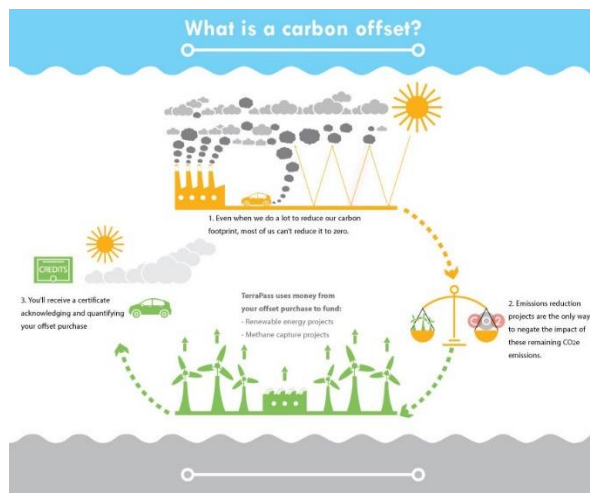
- What 'net-zero' means is not clearly defined
- Companies aren't held accountable to their claims
- Companies can exaggerate their results
- Companies may buy carbon offsets without changing their behaviour
- What emissions are included in a company's report is not universal

The fact that companies are paying attention to the environment and talking about its importance is a good thing. Some companies are making genuine efforts to reduce their carbon emissions with honest, transparent reporting. Some, not so much.

Net-zero, carbon neutral, climate positive, carbon negative, and net negative emissions are all terms thrown around by companies that mean more or less the same thing. The definitions of which are largely open to interpretation. There is no standard.

[There is also no regulatory body](#) to police the claims made by companies. There are a few organisations that will review companies' claims and compare them to their net-zero strategy and progress. Still, the verdict on climate responsibility is left to the court of public opinion.

Without strict regulation and enforcement, companies can exaggerate their environmental stewardship and the umbrella of effects that fall under their jurisdiction. Some of the [offsets purchased by companies](#) are on claims that are difficult to verify and thus lead to inaccurate net emissions reporting.



Source: [Terrapass](#)

Finally, not all companies report their emissions in the same way. It's been generally accepted that Scope 1 and Scope 2 emissions, which come from a company's direct activities, should be reported. However, [Scope 3 emissions](#), which account for their supply chain, are a grey area. Some companies report Scope 3 emissions, but a lot don't.

## How Companies Use Net-zero to Hide Their Dirty Habits

Like those listed above, there are many factors that allow companies to use net-zero claims to hide their dirty habits. [Stock market performance](#) is tied to positive environmental press announcements. There is a clear incentive to publicly promote green policies.

These days, it can be difficult to tell which companies are serious about making changes to protect the environment and which companies are just making baseless claims.

Two of [Shell's most important carbon offsetting projects](#) have not demonstrated any clear benefit to the climate.

Walmart and Saudi Aramco don't pay any attention to Scope 3 emissions.

[Exxon reported on its Scope 3 emissions](#) for the first time in 2021 but quickly voiced its displeasure with the process and delegitimised its impact. They have distanced themselves from their Scope 3 emissions, [blaming the consumers](#) who use their oil and gas products.

[Net-zero Tracker](#) has assessed the world's largest publicly traded companies to find that their [policies and activities generally undermine any real opportunity](#) to achieve net-zero operations.

It's evident that there needs to be a standard reporting mechanism if we are serious about living in a carbon neutral world.

## What Can Companies Do to Prevent Greenwashing?

This notion of exaggerating or falsifying carbon emissions or advertising has been coined 'greenwashing'. It is highly frowned upon, but companies do it to appear positively in the eyes and minds of consumers, investors, and partners.

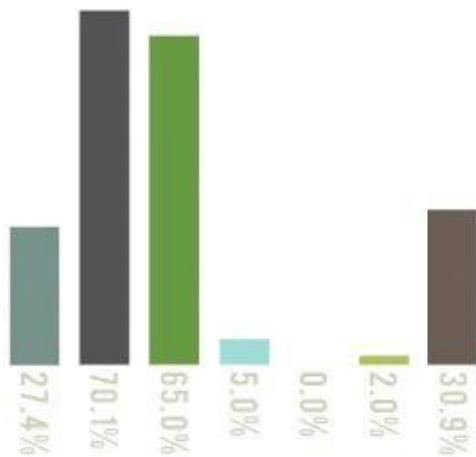


4,744 "GREEN"  
PRODUCTS  
in USA & Canada  
were surveyed

95% products in  
2010  
were guilty of  
greenwashing



## 7 SINS of GREENWASHING



- ▶ HIDDEN TRADE-OFF
- ▶ NO PROOF
- ▶ VAGUENESS
- ▶ IRRELEVANCE
- ▶ LESSER OF TWO EVILS
- ▶ FIBBING
- ▶ WORSHIPPING FALSE LABELS

Source: [True Goods](#)

Companies found to be greenwashing face a lot of backlash from environmentalists and the public. They lose respect, trust, investments, and sales – all of which are hard to earn back.

Reports find that [73% of Millennials and 62% of Generation Z](#) prefer to support sustainable brands. In the days of rapid information transfer and social media, greenwashing can mean the graveyard for a company in the eyes of sustainability-minded individuals.

The best thing companies can do to save face, even if they are big polluters, is to be completely honest and transparent about their activities. Providing a clear strategy with measurable goals and objectives signals to the public that the company is serious about making a change.

Being honest, as opposed to greenwashing, is the best way to [build trust with investors](#), consumers, and other brands. It's also the best way to ensure a better future for the planet.