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Call out greenwashing, crack down on it

When businesses declare themselves carbon neutral, they must prove it.

Kelvin Law



Delta Air Lines is facing a class-action lawsuit over its advertising claims of being carbon neutral. But it is not the only airline or company that has faced allegations of greenwashing. PHOTO: REUTERS

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News broke recently that Delta Air Lines is facing a class-action lawsuit over its advertising claims of being carbon neutral. It's only the latest company to face a backlash for alleged greenwashing claims.

Britain's advertising watchdog has been keeping a sharp eye on companies making green claims. In 2020, it ordered budget carrier Ryanair to stop advertising itself as a "low CO2 emissions airline" as there wasn't enough evidence to back the claim.

In the past few months, the same authority has also directed Etihad Airways and Lufthansa to remove claims such as “sustainable aviation” and “protecting its future” in their ads because consumers may misunderstand these claims.

So, what exactly is greenwashing? Simply put, greenwashing is no different from false advertising. It creates the impression of a company that is environmentally friendly when that may not really be the case.

Companies that greenwash often exaggerate the environmental benefits of their services or products. A famous example is Volkswagen’s “dieseldgate” scandal, which broke in 2015, where the auto giant was fined over €30 billion (\$44 billion) for installing software in cars to manipulate emission test results for years.

Firms resort to greenwashing because it’s good for business. Research studies have consistently shown that environmentally conscious consumers are willing to pay more and even switch brands to support green services and products. So greenwashers play with words to attract such consumers.

The smoke and mirrors of greenwashing

Consider common terms like “carbon neutral” and “net zero”. When a firm boasts of “carbon neutrality”, does that mean it has lower carbon emissions? The answer is not entirely clear. “Carbon neutral” is a chameleon phrase that changes its meaning depending on the context.

Carbon neutrality might mean “We’ve eradicated our carbon emissions entirely”, or “We’ve neutralised our carbon dioxide emissions, but we’ve also increased our emissions of every greenhouse gas except carbon dioxide”.

It could also mean “We’ve paid someone else to completely eliminate our carbon emissions”, a controversial practice known as “carbon offset” that has come under the microscope – for good reason.

The idea behind carbon offset is simple, and the intention, commendable.

Picture yourself as a heavy smoker who smokes a pack a day. You know that smoking is terrible for your health and have tried to quit to no avail. One day, a lightbulb moment kicks in: Why not pay a non-smoker on the brink of getting into the habit of smoking a pack a day to refrain from taking the first puff?

After finding and paying that person, you return to your old habit of puffing away on your daily pack, while the other person breathes in clean air, thanks to your generous payment.

In your mind, as far as the planet is concerned, you have offset the impact of your bad habit by changing someone else’s behaviour.

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The controversy behind carbon offsets

Businesses worldwide are increasingly leaning on carbon offsets as the primary means to balance out their emissions. By purchasing equivalent amounts of carbon offsets from carbon-offset projects worldwide, these businesses can proudly declare themselves “carbon neutral”, or at least on the path towards it.

Despite the good intentions, the efficacy of carbon offsets remains highly controversial. Recent investigative journalism has uncovered that a staggering 80 to 90 per cent of rainforest carbon offsets may be worthless, and that some 85 per cent of offset projects used by the European Union fail to reduce carbon emissions.

Even more troubling is the emergence of the term “phantom credits” – carbon offsets that do not represent genuine carbon reductions. It is clear that the benefits of some carbon-offset projects have been greatly exaggerated.

But the point is that greenwashing can win the business of environmentally conscious consumers who get misled by a company’s claims.

Such consumers fall for catchy terms like “carbon neutral” and “net zero” because they want to save the planet, while some businesses exploit the ambiguities and lack of standard definitions for these buzzwords. This has resulted in some consumers paying a green premium based on the conviction that the extra costs help the environment.

When confronted with scepticism over carbon offsets, defenders of the practice push back by saying that doing something imperfect is better than doing nothing at all.

At best, this view borders on breeding complacency. It’s like someone striving to lose weight deciding to “combo” a 15-inch extra-large pepperoni pizza with a small box of salad. The salad may be healthy, but it is definitely not going to erase the caloric onslaught of the pizza.

Worse still, such a defence can be deceitful, especially when there are questions about the efficacy of carbon offsets.

It’s like the smoker who continues to have his daily pack, knowing that the person he claims to have kept away from the habit may be also puffing away in secret.

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Transparency and accountability

If carbon offsetting does not work, it may be better for businesses to spend their money elsewhere, such as on technologies like carbon storage or extraction. Or they should just drop their green claims, the way Gucci has stopped asserting that it is carbon neutral.

At the very least, businesses must be more transparent about their environmental claims and the composition of their carbon offset portfolios. Are they paying offsets in deforestation prevention, renewable energy offsets, or land use offsets?

Some businesses are reluctant to open their emissions books for fear of inviting comparison. But if opening the emissions books invites comparison and competition to save the world, isn't this the race we ought to welcome?

As for consumers, if they pay a green premium, they have the right to know where their money goes. Otherwise, they should reconsider paying green premiums.

The authorities, too, should crack down on greenwashing. Perhaps, they should call out misleading advertising on sustainability, the way the United Kingdom has.

Think about this: If pharmaceutical companies are not allowed to make unfounded claims about the health benefits of their medical products, why should businesses be permitted to make unfounded claims about their environmental benefits?

Green should be the colour of our conscience, not just a colour of our marketing.

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