Zero Tolerance for Greenwashing, Un Chief Guterres Warns Companies

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What's in today's article:

- **Greenwashing – About, examples, reasons for its prevalence, way forward**
- **News Summary**

Why in news

- UN Secretary General Antonio Guterres warned companies and other non-state entities pursuing net-zero goals to not indulge in greenwashing.
- He made those remarks wile launching the report of an expert group on the issue of greenwashing.

    - The expert group was formed last year to suggest measures to prevent greenwashing by private corporations and other non-state actors.

Greenwashing

- It refers to a range of activities that companies or even countries indulge in to present misleading or dubious claims about their climate action.
- There is a growing tendency among firms & governments to mark all kinds of activities as climate-friendly. Many of these claims are unverifiable, misleading, or dubious.
- While they help in boosting the image of the entity, sometimes even helping them garner benefits, they do nothing in the fight against climate change.
- It presents a false picture of the progress being made on the climate change front, thereby pushing the world towards disaster, while at the same time rewarding entities for irresponsible behaviour.

Examples of greenwashing

- Developed countries are often accused of greenwashing their normal business investments in developing countries, or their bilateral aid.
    - They often highlight climate co-benefits of these financial flows, sometimes with very little justification.
- The Volkswagen scandal was a case of greenwashing.
    - In this scandal, the German car company was found to have been cheating in emissions testing of its supposedly green diesel vehicles
- Several other multinational corporations, including oil giants like Shell, BP, and Coca Cola have faced accusations of greenwashing.

Why greenwashing is fairly widespread?

- The processes and products that can potentially cut emissions are so many that it is practically impossible to monitor and verify all.
- There is lack of regulation and standardisation in most of these spaces.
- The processes, methodologies and institutions to measure, report, create standards, verify claims and grant certifications are still being set up.
- Also, large number of organisations have sprung up claiming expertise in these areas and offering their services for a fee.
- Many of these organisations lack integrity and robustness, but their services are still availed by corporations because it makes them look good.

Way forward:

- An expert group, in its report, recommended that corporations pursuing net zero targets:
  - must **not** be allowed to make fresh investments in fossil fuels,
  - must be asked to present short-term emission reduction goals on the path to achieving net zero, and
  - must bring an end to all activities that lead to deforestation.
- In addition, the corporations have been advised not to use offset mechanisms at the start of their journey to net-zero status.
- The expert group has also recommended the creation of regulatory structures and standards as soon as possible.

News Summary

- UN Secretary General Antonio Guterres warned companies and other non-state entities pursuing net-zero goals to not indulge in “greenwashing”.
  - This was the first official acknowledgement that unfair practices were widely being used to claim progress on climate action.
- UN Chief urged these entities to upgrade their processes within a year to show the actual results of their actions.

Key highlights

- **Carbon free commitment is increasing**
  - A growing number of governments and non-state actors are pledging to be carbon-free — and that is good news.
  - The problem is that the criteria and benchmarks for these net-zero commitments have varying levels of loopholes.
- **Net zero commitment and greenwashing**
  - Net zero refers to a situation in which an organisation’s, or a country’s, total emissions are balanced by absorption or removal of carbon dioxide from the atmosphere.
  - Countries have also taken net-zero targets.
    - Most of the developed countries have promised to become net zero by 2050.
    - China has a net zero target for 2060 while India has pledged to become net-zero by 2070.
  - If greenwash premised upon low-quality net zero pledges is not addressed, it will undermine the efforts of genuine leaders, creating both confusion, cynicism and a failure to deliver urgent climate action.
- **Buying cheap carbon credits to fulfil net-zero targets**

- There is an increasing trend in which companies and other entities are buying “cheap” carbon credits to fulfil their net-zero targets.
    - The trade in carbon credits is a legitimate exercise and is officially encouraged.
    - Countries or firms that reduce emissions beyond their mandate are granted carbon credits, which can then be bought for money by entities that need it to achieve their targets.
    - There was a carbon market under the Kyoto Protocol, and a new one is being created under the Paris Agreement as well.
- These cheap credits often lack integrity and do not represent actual reductions in emissions

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