

Issues over Greenwashing

Why in news?

In the first official acknowledgment of greenwashing, UN Secretary General Antonio Guterres warned private corporations to abstain from such practices and mend their ways within a year.

What is greenwashing?

- Greenwashing refers to a range of activities that companies or even countries indulge in to present misleading or dubious claims about their climate action.
- Also known as "**green sheen**," greenwashing is an attempt to capitalize on the growing demand for environmentally sound products.
- Greenwashing help in boosting the image of the entity and help them garner benefits for things they do nothing against climate change.

How prevalent is greenwashing?

- Greenwashing in the context of net-zero targets is being pursued by many corporations and sub-national governments.
- **Governments** - Developed countries are often accused of greenwashing their normal business investments in developing countries.
- They also greenwash their bilateral aid by highlighting climate co-benefits of the financial flows.
- **Companies** - The Volkswagen scandal, in which the German car company was found to have been cheating in emissions testing of its supposedly green diesel vehicles, was a case of greenwashing.
- Several other multinational corporations, including oil giants like Shell and BP, and Coca Cola have faced accusations of greenwashing.

What are the challenges in preventing greenwashing?

- **Monitoring** - It is practically impossible to monitor and verify all the processes and products that can potentially cut emissions.
- **Regulation** - There is lack of regulation and standardisation in most of these spaces.
- **Methodologies** - The processes, methodologies and institutions to measure, report, create standards, verify claims and grant certifications are still being set up.



What is the issue with carbon trade?

- In addition to greenwashing, the trade in carbon credits has become a major issue.

- **Carbon market** - 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.
- Informal carbon markets also exist.
- Any activity that has the potential to reduce or avoid emissions can earn credits and are often certified by unofficial third party companies and sold to others.

Issues with carbon trade

- **Transactions** - The carbon markets have been flagged for lack of integrity and double counting.
- Many developed countries question the integrity of the credits, claiming that they did not accurately represent reductions in emissions.
- **Carbon offsets from forests** - [Carbon offsets from forests](#) are one of the most controversial.

What lies ahead?

- An expert group formed by the UN Secretary General in 2021 to suggest remedial actions on greenwashing has 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
 - Must bring an end to all activities that lead to deforestation
 - Must not use offset mechanisms at the start of their journey to net-zero status
- It has also recommended the creation of regulatory structures and standards as soon as possible.
- To ensure a level playing field, non-state actors need to move from voluntary initiatives to regulated requirements for net-zero.

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. China has a net zero target for 2060 while India has pledged to become net-zero by 2070.

References

1. [The Indian Express | Red flags over greenwashing at COP27](#)
2. [The Indian Express | Zero tolerance for greenwashing](#)



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