

# Esg Summit 2023

## Backtracking Greenwashing?

Pledging Net Zero in decades when claiming carbon neutrality now

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# Agenda

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# “Carbon Neutral” product claims: outlawed in EU soon?

## European Parliament abandons neutrality in anti-greenwashing drive – Updated

📅 May 11, 2023 ⌚ 2:21 pm 📁 Climate governance 📄 Press release 🔗 Corporate climate responsibility, Greenwashing 👤 Author: Khaled Diab

**The European Parliament has demonstrated a strong commitment to both consumer protection and the climate when it **voted** in favour of a ban on companies claiming that their products are “carbon neutral”. The Council of the European Union and the European Commission must support such a prohibition during the ongoing legislative process to review EU consumer protection rules.**



# The research paradox: how to pledge net zero in decades when already claiming carbon neutrality?

- Carbon Neutral: Net zero Carbon dioxide CO<sub>2</sub> emissions that is emissions achieved when anthropogenic CO<sub>2</sub> emissions are balanced globally by anthropogenic CO<sub>2</sub> removals over a specific period. (IPCC, 2018)
- Thus, Scientifically, achieving net zero greenhouse gas (GHG) emissions means ensuring carbon-neutral corporate processes.
- Consequently, the claim to target net zero GHG emissions in decades conflicts with the statement of already being carbon neutral, creating a discourse that may be perceived as greenwashing.







# Our study's sample

- Corporate sustainability data has been retrieved from official company sustainability reports and press releases. At this stage, 526 firms have made net zero pledges of which 25 firms (about 4.8%) claimed to be already carbon neutral. We focus on these 25 firms in our discourse analysis.
- Data that refer to net zero 2050 target (NZT), net zero definition (NZD), and carbon neutral definition (CND) and their greenhouse gas emissions (GHG) statements in terms of all scopes (1,2,3 upstream and 3 downstream) are collected from corporate reports and press releases. For scopes 1,2 and 3 GHG emissions protocol guidance is being followed.
- The basis of our analysis is the sample of all companies that report NZT statements while claiming already CN. We explore patterns by which the companies tend to rationalise the divergence between simultaneously claiming to have achieved a status while aiming to achieve a scientifically equivalent status within the next decades.



# Our method

- The first part of this analysis allows us to analyse the selected sample companies for 2009-2021 on a micro-level in relation to their corporate statements: carbon neutral (CN) claims and net-zero (NZ) targets.
- The second part of this research analyses the selected twenty-five companies on a macro level regarding their sustainability definitions for the years (2009-2021), creating a timeline of corporate sustainability reporting for each individual company from the earliest year of reporting to the latest.



# Our findings: Patterns 1-3

- Moreover, by aggregating information related on corporate reporting strategy we conceptualise six corporate reporting patterns in relation to the respective CND and NZD statements.
- **Mea Culpa U-turn:** Microsoft simply apologises for the mistake of using an insufficient carbon neutral definition in the past and commits to using Net Zero in the future.
- **Silent U-turners:** for this corporate reporting strategy definition companies report a CND statement in one year (e.g. 2019) and the following year report a NZD statement (e.g. 2020). A company example of the studied sample is Moody's Corp.
- **Pause & Shift:** for this corporate reporting strategy definition companies pause reporting a CND statement for one or more years before reporting a NZD statement to simply wait out any questions for the inconsistency of both. A company example of the studied sample is HSBC.



# Our findings: Patterns 4-6

- **Scopeshifter:** for this corporate reporting strategy definition companies report on scope 1&2 and partial scope 3 on CND and offset reporting in CND. In general, companies aim for future disclosure on all scopes on NZD and provide disclosure on net zero 2050 scope reduction. A company example of the studied sample is Atos.
- **Revising Carbon Neutral:** for this corporate reporting strategy definition companies revise their CND reporting to be able to gradually shift into NZD reporting and so reduce to the extent of the inconsistency between CND and NZD. A company example of the studied sample is BNP Paribas.
- **Net Zero Greenhusher:** for this corporate reporting strategy definition companies report a vague NZD that seems to be equivalent to previous reporting on CND. Overall, companies report equivalent NZD and CND. A company example of the studied sample is Easyjet.



# References:

- Carbonmarketwatch.org (2023). *European Parliament abandons neutrality in anti-greenwashing drive ...* Available at: <https://carbonmarketwatch.org/2023/05/11/european-parliament-abandons-neutrality-in-anti-greenwashing-drive/>.
- IPCC, 2018: Annex I: Glossary [Matthews, J.B.R. (ed.)]. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. In Press.
- Hoepner, A , Schiemann. F and Paliampelou, J (2023). Backtracking Greenwashing? Pledging Net Zero in decades when claiming carbon neutrality now.' , Working Paper.





Thank also Esg Summit 2023!