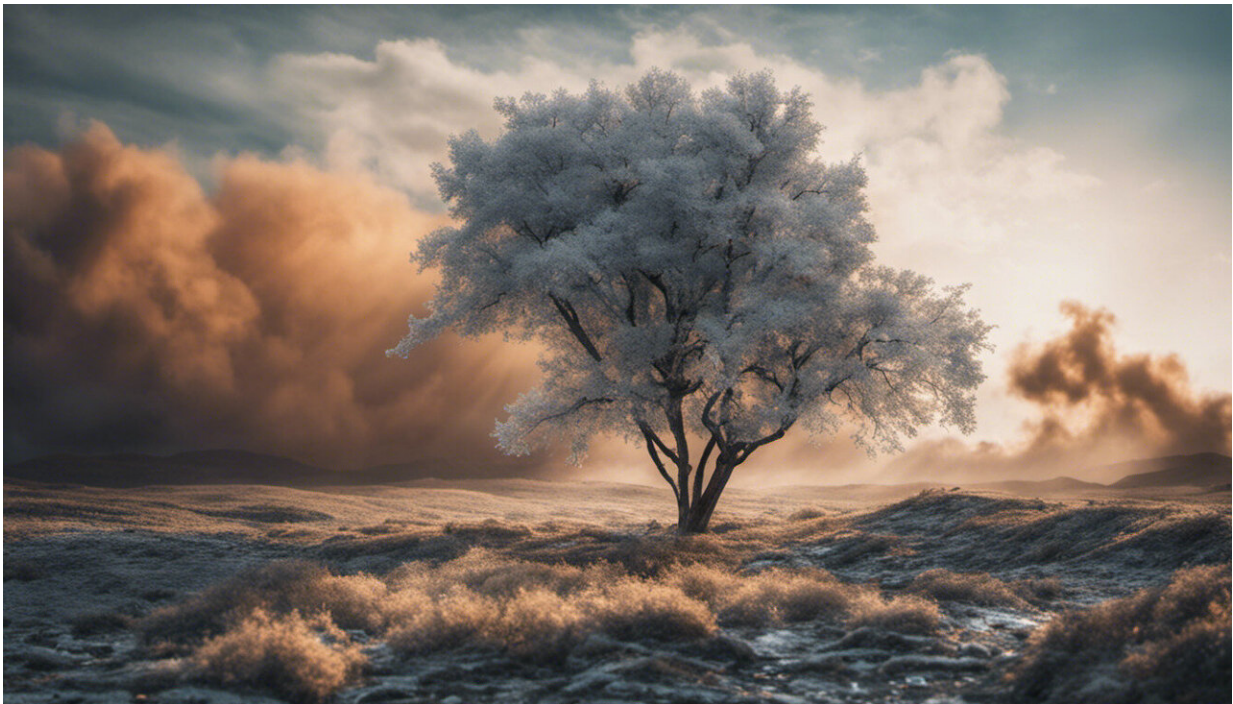


# Capitalizing on climate anxiety: What you need to know about 'climate-washing'

April 3 2023, by Laura Schuijers

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Credit: AI-generated image ([disclaimer](#))

People are increasingly making choices about which products to buy and which service providers to use on climate change grounds. With concerns about climate change [now affecting most](#) Australians, businesses that promote climate-aligned practices and make emissions-reduction promises have a competitive advantage over those that don't.

But sometimes these claims fail to live up to reality. Climate-related greenwashing, or "climate-washing," communicates a message that exaggerates or misrepresents climate credentials through advertising, branding, labeling or reporting.

Examples include where corporate marketing and government campaigns promising "net-zero emissions by 2050" are not backed by a credible plan. Or products are promoted as "carbon neutral" or "climate friendly" when they're not. It also includes where banks and other investors claim to fund a "cleaner future" when this is not completely true, potentially masking climate-related financial risk.

Climate-washing is a problem because the offending businesses capitalize on climate anxiety. It also allows businesses lacking robust credentials to gain customers and market advantage on false pretenses. Ultimately, it also hinders rather than helps progress towards emissions reduction goals.

In March, the Australian Competition and Consumer Commission (ACCC) [announced a crack-down](#) on climate-washing and greenwashing. This followed an ACCC report revealing claims made by [more than half](#) the 247 Australian businesses reviewed in an internet sweep raised concern. The ACCC has said it will now undertake enforcement, compliance and education activities.

On Wednesday the Senate agreed to establish an [inquiry into greenwashing](#) by corporations in Australia. The inquiry will investigate the impacts of greenwashing on consumers and the environment and will identify the legal and regulatory actions needed to stop it.

## **The credibility gap**

The imperative to reach net-zero emissions by mid-century has been

consistently reinforced by climate science. This includes, most recently, this month's [report](#) by the Intergovernmental Panel on Climate Change.

One of the upshots has been a deluge of net-zero strategic marketing. Particularly in the case of large [climate change](#) contributors—such as fossil fuel companies, airlines and the meat industry—adopting a net-zero narrative switches public perception that the company is part of the solution, rather than the problem.

Climate-washing essentially describes a gap between what's promised and what's likely to be achieved. This "credibility gap" can be due to factors such as over-reliance on speculative technology, offsetting, and modeling that's outdated or hasn't been properly verified. Although there's a big global push toward transparency, many entities don't adequately disclose the data and assumptions behind their promises.

## Complaints and court cases

Last week, a group called Flight Free and their lawyers [approached the ACCC](#) over Etihad Airways advertising that said, "flying shouldn't cost the earth" and "net zero emissions by 2050." The ads were shown prominently at a soccer match in Melbourne last year. [Flight Free says](#) the advertising is misleading.

The Etihad complaint follows the Australasian Centre for Corporate Responsibility's Federal Court proceedings against gas company Santos. Currently afoot, [this complaint](#) challenges Santos' "clean fuel" and "net-zero by 2040" claims.

Earlier this year, corporate watchdog ASIC (the Australian Securities and Investment Commission) initiated proceedings [against super fund Mercer](#) for allegedly misleading investors into thinking their investments in a "sustainable" investment option excluded fossil fuels.

Around the world, there's been a [recent rise](#) in climate-washing litigation. [Multiple complaints](#) allege that the football association FIFA falsely advertised the Qatar World Cup as "fully carbon neutral."

In aviation, there's a pending court case against KLM targeting its "fly responsibly" campaign, and there's also been a successful challenge to RyanAir's low-carbon campaign.

Product complaints have ranged from allegedly climate-neutral bin liners, to "climate-controlled pork" in Denmark, and "climate-neutral croquettes" in Germany.

## **How is climate-washing regulated?**

Climate-washing is a form of misleading and deceptive conduct, which is regulated in Australia under federal [competition and consumer law](#).

Climate-washing that relates to financial products and services is regulated under [securities and investments law](#).

Both the ACCC and [ASIC](#) monitor climate-washing.

Globally, concerns over climate-washing have led to action by the United Nations. A High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities was formed last year to target climate-washing. The group has a "zero tolerance for net-zero greenwashing" mantra, and delivered [a report](#) at November's Climate Change COP in Egypt, which contains a "how-to" guide for credible, accountable net-zero pledges.

## **What you can do**

There's every reason to support businesses taking genuine and meaningful climate action. But as a consumer, it's hard to fact-check simple statements that are in reality pretty complex claims.

If you're suspicious of climate-washing, you can report it to the ACCC [here](#). You can also monitor the work of non-profits investigating and reporting on climate-washing. For example, stay informed by following sites such as ClientEarth's [The Greenwashing Files](#). And follow the public interest law centers taking action, such as [Environmental Justice Australia](#), the [Environmental Defenders Offices](#), and [Equity Generation](#).

When buying a product or service, it never hurts to ask questions and to be sent more information. If you're a [shareholder](#), look closely at annual reports. And make the most of voting opportunities.

Have a say on government proposals targeting climate change and climate-washing. The initial [consultation process](#) for the Australian government's action on climate disclosure and reporting has recently closed, but submissions on new reporting requirements will open later this year.

Ultimately, it's a good thing that governments and corporations want to align with a smooth transition toward a net-zero future. And jumping on the net-zero bandwagon is certainly a welcome step away from [climate](#) denialism.

But in order for net-zero goals to actually be achieved in a way that avoids a last-minute scramble and significant losses along the way, it's important for everyone that pledges and promises are made frankly, earnestly and credibly.

***Editor's note:*** In response to the misleading advertising claim, Etihad said it "runs a comprehensive research, development, and innovation program

*to address aviation decarbonization, and is committed to achieving net zero emissions by 2050."*

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