

Greenwashing dos and don'ts



Cite specifics and evidence

Example: We promote the financial wellbeing of our workers by paying all employees a Living Wage, and have been Living Wage accredited by [authority] since 2018.

This claim provides both specifics of what the entity does to achieve the commitment of promoting employees' financial wellbeing, and cites evidence that is sufficiently specific and relevant so as to substantiate that claim. As the evidence adds limitations and specificity, the claim is also less likely to mislead or confuse consumers as to its meaning.

However, consider whether it could be misleading as a result of what is not said, e.g. if a substantial part of the work force were contractors (not employees), who are not paid the Living Wage.

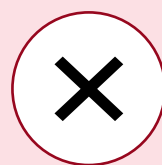
Define technical terms or jargon

Example: We are working to achieve carbon neutrality. "Carbon neutrality" is a state of net zero carbon dioxide emissions whereby the amount of carbon our business activities emit is evenly balanced with the amount we remove from the atmosphere.

There must be realistic and well resourced plans underpinning the claim that "we are working to achieve." This should be documented at the time of the claim.

A term such as 'carbon neutrality' that may not be known to the reader is briefly explained so they are able to accurately understand the nature of the claim and are not misled as to its meaning. The explanation of a term must be prominent and proximate, and a reputable third party source should be cited or recorded for the definition if possible.

When considering what terms need to be defined, the kind of document the term is used in, its intended audience, and who that document is provided/ promoted to is relevant. The way definitions are provided (within the body of the text, in brackets, or in a definition section) does not matter as much as whether they can be easily found and understood by the reader.



Greenhushing

Example: Entity A removes all references to ESG or climate issues from its documents.

The relevance of this 'don't' will depend on the context and kind of entity in question. It is not an option for entities subject to mandatory climate reporting, so the entities that are most likely to be criticised of this are those with climate-related impacts or ESG risks to their business that may be material to prudent, but non-expert, investors.

Aspirational language or claims

Example: We are leading the industry in reaching emissions targets.

Entities should be careful making these kinds of claims, especially if made in absolute terms, as they are likely to be closely scrutinised due to the potential to substantially mislead consumers. This claim begs the question "what industry", "who is in and who is out", "what is the evidence that you are leading it", and "is there an independent and reputable authority for that claim?" An entity would need to have legitimate, verifiable evidence readily available to substantiate this claim, and it would need to be continuously checked for accuracy for so long as the claim was in the market.

It would be better to state, for example, "According to the [city] chamber of commerce, we are leading the [city] retail clothing sector in reaching emissions targets"

Example: We operate a workplace free of discrimination based on race, gender, or sexual orientation.

Claims such as this, although they may be well-intentioned, are essentially impossible to substantiate. An entity is unlikely to be able to credibly monitor the experience of all present and past employees, and ensure that each employee was not affected by any of the named forms of discrimination. Claims should be carefully considered and verifiable when citing positive action taken to promote a healthy workplace.

It might be better to say "in 2021 and 2022, we were awarded a Rainbow Stamp™ by the [authority]."

Consider the practicalities

Example: We plan to phase out the use of single use plastics by..... [specific, time bound, measurable and achievable actions which the entity will take are provided].

This claim lays out how it will be achieved. It is not structured as a bare assertion that the entity will phase out single use plastics. This approach substantiates the claim, showing that the entity has considered the "how" (and therefore is more likely to be successful), so readers are not misled as to the nature and scope of the commitment, since it has been clearly articulated.

However, it will be important that the plans are reasonably believed to be achievable and have been sufficiently resourced. If it becomes apparent that the target will not be achieved, the claim must be promptly withdrawn.

Vague language open to interpretation

Example: We intend to begin reporting periodically on our carbon emissions.

This claim does not create a clear-cut expectation of what the entity is committing to do, and by when. "Intends" does not require any action on behalf of the entity, but the claim could still create a positive impression from the perspective of the reader, misleading them as to the extent of the entity's climate-positive actions. "Periodically" has the same effect, as the entity has the latitude to claim that reporting monthly, bi-annually, or every 5 years is periodic. Again, there is no definable expectation, but a potentially misleading impression has been created.

NB: What are appropriate claims will depend on all of the circumstances of a particular business and the context in which the claims are made. Please take specific legal advice to suit your circumstances, the above should not be relied on as being appropriate for any particular entity.