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## Disclosure: UN Report on Net-Zero and Greenwashing

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Disclosure



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The United Nations' High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities has published a [report](#) titled, *Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions*. The report establishes five principles to guide setting and achieving net-zero targets, together with ten recommendations for what non-state actors should consider at each stage of the process to becoming net-zero aligned.

The report includes a series of recommendations relating to avoiding greenwashing, including that private sector companies:

- should not claim to be net-zero compliant while continuing to build or invest in new fossil fuel supply;
- should not purchase inexpensive carbon credits that “often lack integrity” instead of cutting emissions across their own value chain;
- should focus on reducing emissions across their full value chain (i.e., Scopes 1, 2 and 3);
- should not lobby to undermine government climate policies – either directly or via trade associations or other bodies; and
- should, in order to “tackle greenwashing and ensure a level playing field,” move from voluntary initiatives to regulated net-zero requirements.

In her note to the report, Catherine McKenna, the Chair of the Expert Group and Canada's former Minister of Environment and Climate Change, stated that: “We are making progress but we are still too far from where we need to be. ... To prevent dishonest climate accounting and other actions designed to circumvent the need for deep decarbonization, we emphasize that non-state actors must report publicly on their progress with verified information that can be compared with peers.”

**Taking the Temperature: The UN Report underscores the ever-increasing focus on greenwashing by regulators, corporate stakeholders, and NGOs, particularly in the absence of global consensus on what constitutes greenwashing. However, the recommendations in the Report, while not revolutionary, could be construed to significantly expand the concept of greenwashing. Typically, greenwashing refers to falsely enhancing a product's or business' sustainability profile. The UN Report expands that concept to various areas of corporate activity, such as using inexpensive carbon credits, investing in fossil fuel production, or taking affirmative steps to undermine government climate initiatives, which expressly includes inconsistent lobbying activity. By going that far, the UN Report is effectively incorporating policy issues still subject to fierce debate, including the definition of false sustainability claims. For instance, while ceasing new fossil-fuel supply may be beneficial from a greenhouse gas emissions perspective, fossil fuels are necessary to meet current and foreseeable energy demand and to build the green energy infrastructure necessary to ultimately reduce global fossil fuel energy consumption. By painting with such a broad brush under a greenwashing label, the UN Report obscures the complexities involved and potentially sows further confusion about what constitutes a sustainable business or product.**