# Greenwashing declines globally but severity of cases intensifies in 2024



A recent study by consultancy firm RepRisk, spanning 13 countries, reveals that cases of exaggerated or false sustainability claims, commonly known as greenwashing, have declined for the first time in six years in 2024. This decrease is particularly notable within the financial sector, which experienced a 20 per cent reduction in greenwashing incidents. The trend has been attributed in part to significant penalties imposed on major institutions such as DWS, owned by Deutsche Bank in the US, and Vanguard Investments in Australia for misleading environmental, social, and governance (ESG) claims.

Regionally, Europe has seen an 18.8 per cent drop, coinciding with the European Union’s forthcoming Green Claims Directive, which will prohibit unsubstantiated use of expressions like “carbon neutral” and “eco-friendly.” Meanwhile, Asia registered the largest percentage decline of 19.2 per cent, although this figure comes from a smaller sample size, as regulators in some Asian countries have traditionally been less stringent in addressing greenwashing.

Despite the overall decline in greenwashing, the severity of incidents has intensified. The number of cases where companies used green marketing to mask serious ESG violations, including heavy pollution leading to legal consequences, surged by 30 per cent in 2024. For instance, multiple airline brands faced substantial fines for promoting climate-friendly air travel through carbon offsetting and sustainable aviation fuels despite ongoing environmental concerns.

Analysis from Eco-Business highlights a reduction in the use of ESG terminology in corporate filings worldwide from 2017 to 2024, suggesting a shift in how companies approach sustainability communication. Kim Schumacher, associate professor in sustainable finance and ESG at Kyushu University, discussed these findings extensively in a recent Eco-Business podcast. Schumacher introduced the concept of “greenhushing,” a form of greenwashing where companies deliberately withhold material ESG information from investors, opting for silence over even modest commitments. This trend is particularly evident among US and Japanese financial firms withdrawing from initiatives like the Net Zero Banking Alliance due to perceived risks and liabilities.

Highlighting the geopolitical aspect, Schumacher noted the influence of the US market on Asian companies, many of which have financial interests tied to the United States. “Some institutions in Asia have significant holdings or operations in the United States, or they want to appeal to United States-based investors,” he said, adding that firms often avoid ESG communications to avert regulatory or social media backlash.

Regarding regulatory approaches, Europe appears to be leading with its evolving frameworks such as the Green Claims Directive and the Corporate Sustainability Reporting Directive (CSRD). However, the implementation of these measures faces challenges due to political pushback and corporate lobbying, potentially diluting their effectiveness. Schumacher warned that regulatory adjustments, motivated by concerns over competitiveness and affordability, might weaken sustainability standards, thereby increasing the need for robust greenwashing oversight.

Industry responses to greenwashing vary. The financial services sector, faced with heightened scrutiny and regulatory pressure, has been the fastest to reduce false claims. Conversely, sectors like aviation, energy, transport, shipping, cement, utilities, mining, and tourism remain highly vulnerable due to their substantial environmental impact and reliance on mechanisms such as carbon offsets. Schumacher explained that carbon credits often serve as a quick but potentially misleading remedy for these industries to signal sustainability efforts without actual emission reductions.

In the tourism sector, Schumacher recounted personal observations of contradictory sustainability practices, such as luxury hotels in drought-stricken regions engaging in excessive water use while promoting environmental messages. He suggested that consumers, especially travellers, are becoming more informed about greenwashing yet may still be influenced by convenience or the desire to maintain lifestyles without significant compromises.

Competence greenwashing, where individuals or firms exaggerate their sustainability expertise for professional gain, has also been reshaped by the current socio-political climate. Schumacher noted a decline in public promotion of ESG credentials, particularly in the United States, where such affiliations may attract negative attention or jeopardise employment opportunities. He cited remarks from prominent figures like JPMorgan Chase CEO Jamie Dimon, and pointed to instances such as Swiss banks modifying hiring practices to sidestep US regulatory scrutiny. “If you’re in the United States right now, you [might] want to get all that [ESG-related] stuff off your LinkedIn,” Schumacher said.

Regarding terminology shifts, the reduced use of the acronym ESG appears linked to both ideological associations and professional preferences for broader terms like “sustainability.” Schumacher observed that while ESG provided a useful framework, the increasing politicisation and complexity of sustainability issues have complicated its acceptance. He emphasised that sustainability challenges such as climate change, human rights abuses, and biodiversity loss remain pressing and that a movement away from marketing-driven sustainability toward substantive action is underway.

The changing landscape reflects a complex interplay between regulatory measures, corporate strategies, geopolitical influences, and public awareness. As Schumacher summarised, the transition marks “the end of sustainability only used for marketing purposes,” suggesting a new era in which genuine sustainability commitments will be tested amid shifting social and economic dynamics.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.reprisk.com/research-insights/reports/a-turning-tide-in-greenwashing-exploring-the-first-decline-in-six-years> - This report provides further details on the decline in greenwashing cases and the increase in high-severity incidents, aligning with the shift in corporate sustainability practices.
3. <https://www.reprisk.com/research-insights/news-and-media-coverage/reprisk-data-shows-increase-in-greenwashing-with-one-in-three-greenwashing-public-companies-also-linked-to-social-washing> - This URL discusses the interlinkage between greenwashing and social washing, highlighting the challenges in maintaining transparency and accountability in corporate sustainability claims.
4. <https://www.esgdive.com/news/greenwashing-decreases-report-rep-risk-severity-increases-2024/729511/> - This article corroborates the decline in greenwashing cases and the rise in high-severity incidents, also noting regional variations such as the increase in U.S. cases and the drop in European cases.
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6. [https://www.europarl.europa.eu/cms-data/272182/948 BorderSide%20sırt/responding\_to\_climate\_change\_with\_eu\_policy.pdf](https://www.europarl.europa.eu/cms-data/272182/948%20BorderSide%20s%C4%B1rt/responding_to_climate_change_with_eu_policy.pdf) - This EU parliamentary document touches on the European Union's regulatory efforts, including the Green Claims Directive, aimed at curbing unsubstantiated sustainability claims and enhancing corporate transparency.
7. <https://news.google.com/rss/articles/CBMie0FVX3lxTE1Ic041M25DZDYxUFBKTDBWdUhxQ3UwUGRqalVIaUZnNHVHQU9EQjhMRVd4aTBaMExnZWZZVEw5RGxiVUVWODJJM0JDbnlBSWlLRktUdGZYa3BsV0gtLUtDN09pZENLclctRnBQOWJ1a2FzelhYOFVKdG52QQ?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data