

Avoided Emissions: A powerful communication tool or a new strategy of greenwashing?

“We must have zero tolerance for net-zero greenwashing”, the UN Chief declared at the launch of a report on Net-Zero Commitments in 2022. He continued by highlighting that corporate “green commitments” have loopholes wide enough to drive a diesel truck through. It was now clear that the world had seen enough of too-good-to-be-true numbers and statements, and demanded future claims to be characterized by transparency, credibility and accountability.

Indeed, there have since been significant initiatives taken in the corporate and legislative world to slow down the growth of full-mouthed claims like “climate neutral fossil fuels”, “green fast fashion” and “eco-friendly plastic bags”. A most relevant example is the adoption of the EU Green Claims Directive, which will require all green claims to take a life-cycle perspective and be based on scientific evidence and international standards. This tightening trend of the reporting landscape raises a critical question: Does it unintentionally silence companies genuinely making a positive impact?

A parallel force has grown during recent years concerning climate claims: the rise of avoided, or Scope 4, emissions reporting. Organizations such as Oxford Net Zero, Mission Innovation and The Exponential Roadmap Initiative have published guiding principles to help companies that can de facto facilitate the green transition, to communicate and leverage their contributions. Unlike traditional emissions reporting, which focuses on the direct and indirect emissions produced by a company, avoided emissions reporting highlights the reductions in greenhouse gas emissions achieved through the use of a company’s products or services.

The point is that green claims, especially those presenting avoided emissions, can play a vital role in the system-wide progression towards a sustainable future. While today’s traditional environmental reporting would send praise to oil firms that achieve emission reductions of 10%, avoided emissions puts the whole oil industry in relation to a climate solution and shows that oil should not only improve, but be replaced. This is the message we need to convey: companies working towards better systemic solutions should be able to use this message to foster growth and support the green transition.

However, the question remains: are avoided emissions claims just another tool to cherry-pick favorable numbers to enhance a company’s image? Could allowing such reporting lead to the same deceptive practices as the “net-zero” greenwashing the UN seeks to regulate? Perhaps the key to leveraging avoided emissions lies in the speech earlier quoted, being to first and foremost find a standardized methodology that ensures transparency, credibility, and accountability.

For all we know, innovation will undoubtedly play a crucial role in the global transition to a green future. Maybe, rather than banning the communication tools necessary to convey these innovations, the legislative world should focus on building robust frameworks to reduce the loopholes, say, at least to the size of an eco-friendly city bike.

This popularized article is derived from the master thesis: Strategies for Avoided Emissions Reporting – A case study of PowerCell Group and Hydrogen Electric Fuel Cell Solutions written by Felice Gelin and Cornelia Karlsson in 2024.