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Connecting Climate Change and the Law



Disclosure: “Green Hushing” Climate Targets

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Disclosure



By Duncan Grieve

Special Counsel | White Collar Defense and Investigations

South Pole, a Swiss carbon finance consultancy, has published a [report](#) which suggests that one in four companies around the globe have decided not to publicize details of their climate targets. This development has been described as “green hushing” and appears to be a response by some companies to fears of greenwashing allegations and non-compliance with legislation. South Pole surveyed 1,200 companies across 12 countries and found that “nearly a quarter of those surveyed . . . will not be publicizing their achievements and milestones beyond the bare minimum or as required by for example the Science Based Targets initiative.” Despite the trend for non-disclosure by a minority of the companies surveyed, it is also important to note that 72% of responding companies have set or committed to a science-based target (SBT) to reduce emissions; with a further 18% planning to implement targets in the next 12 months, and 67% having both a net-zero target and an SBT. A common example of an SBT commitment for a financial institution would be the alignment of in-scope assets under management to 2.19°C by 2030 and 1.5°C by 2040.

The CEO of South Pole, Renat Heuberger, in his foreword to the report, stated: “Long gone are the days when announcing a corporate net zero emissions target was exceptional. Today it is expected. Companies need to show, not just tell, how they are delivering on their critically important climate commitments.”

Taking the Temperature: South Pole’s report reflects concerns that the publication of science-based climate targets or progress meeting such targets may be overly-prescriptive and ambitious. That, in turn, raises concerns that these disclosures open companies up to regulatory enforcement and civil litigation challenges based on allegations of greenwashing. Despite these concerns, non-reporting or under-reporting climate targets is unlikely to be a sustainable long-term strategy. For years institutional investors have been advocating for greater climate-related disclosure, regulators in Europe already have mandated it, and U.S. regulators are not far behind, as evidenced,

for example, by the SEC's proposed climate change disclosure rule. And, notwithstanding greenwashing concerns, a majority of the respondents to South Pole's survey committed to SBTs for emissions reductions. Nevertheless, companies need to be extremely thoughtful when defining and publicizing any climate-based targets so as not to over-promise and under-deliver.