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GREENWASHING OUR FUTURE: BENEFIT FOR WHOM?

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Content

1. What is greenwashing?
2. "Net-Zero" is objectively impossible
3. Offsets: Fantasy emissions and "smart" accounting
4. The ESG backlash in full swing
5. Summary

Links, and resources

Every time I hear a company announcing they are going "net-zero," I look for the asterisk. There is always one, and you will usually find it buried in the footnotes, next to a "carbon offset", bought in some developing country or a "renewable energy certificate" that someone sold three times over already. I am sorry, ***but this is not "sustainability", it smells of greenwashing.***

Where does this all stem from? ESG? I want to start at the beginning.. with the definition of ESG (bear with me).

ESG stands for Environmental, Social, and Governance which is a framework used by investors, companies, and regulators to evaluate how responsibly a business operates.

1. Environmental criteria measure a company's impact on the environment through emissions, energy use, waste, resource management, etc.
2. Social factors assess how it treats people… its employees, customers, communities, and its consideration for human rights.
3. Governance looks at leadership, transparency, ethics, and shareholder rights.

In theory, ESG should help align business decisions with sustainability and ethical principles. In practice, it's often used as a marketing and investment screening tool, not a true measure of impact.

Figure 1: Installed energy storage capacity requirement by 2030

On a side note, today, I am not able to define "sustainability", maybe another day I will attempt it again.

Now that we have reminded ourselves for the original goal of ESG, let's get back to where I left off with… this is not "sustainability", it smells of greenwashing.

So, it came as no surprise to me end of last year, when HSBC quietly shelved its plans to finance and trade "carbon credits" [1]. For a bank that once wanted to lead in "green" finance, this retreat isn't just about business, but it should serve as a red flag for the entire ESG narrative.

When will we stop pretending that greenwashing is the exception, and start admitting that it seems more like an entire business model?

1. What is greenwashing

It is simple: greenwashing is when companies exaggerate or fabricate their environmental credentials to look good. They slap on buzzwords like ***"climate neutral" or "eco-friendly"****, wrap themselves in sustainability reports, and hope you won't ask too many questions.*

And, best of all is…it works! A 2022 Fast Company survey found that 68% of U.S. executives admitted their companies engage in greenwashing [2]. We are not just talking about a few bad apples, this is an entire fruit basket. "Greenwashing" is usually about counting, offsetting, or reducing CO_2 emissions.

- CO_2 is the target because of the believe that reducing CO_2 emissions will measurably reduce future temperature increases which in turn will reduce the occurrence of extreme weather or other "climate disasters".
- I will not elaborate on this here, I just want to mention that there is significant uncertainty around this believe (See Prof. Koonin's book "Unsettled"in any online or offline bookshelf).
- Independent of your view on the causes and effects of "climatic changes" I explain here why pricing CO_2 is economically and environmentally counterproductive.

Figure 2: Storage investment cost in comparison

I have even noticed oil, coal, and gas companies getting in on it by rebranding themselves as "saviours of the planet" while continuing business as usual [3]. This just gives more ammunition to use against the oil, coal, and gas industries that energize over 80% of our daily life.

****Disclaimer on "emissions" stated here: I am not discussing whether CO_2 itself is a benefit (see NASA confirmed CO_2-induced global greening since without CO_2 no life, and with more CO_2 more life) or a global problem. (Fact to keep in mind, more people die from cold than from heat). More on Drylands Turning Green from Yale.*

When considering what causes companies to engage in greenwashing the following pressures come to mind:

1. **Market pressure and public image** as companies face relentless pressure from investors, regulators, and customers to go "green." Instead of changing how they operate, many simply change how they communicate. It's cheaper, faster, and looks just as good in a press release.
2. **Regulatory grey zones** because when it comes to sustainability, claims are often vague, subjective, and hard to verify. Words like "eco-friendly," "climate neutral," or "net zero" have no universal standard.
3. **Investor incentives and ESG ratings**, with trillions of dollars now tied to ESG funds, there is a massive financial incentive to appear compliant. Companies that look "green" attract investment …seeming "green" has become a financial strategy.
4. **Consumer guilt and demand** for clean conscience as greenwashing feeds that desire by selling moral comfort which is a way to consume without confronting the contradictions of modern life.
5. **Political and corporate PR** cycles as governments and corporations both use "green" narratives to deflect criticism and buy time. It's easier to promise "net-zero by 2050" than to admit there is no known viable path to get us there.

Greenwashing exists because it is being rewarded. Investors pay for the story, consumers buy the feeling, and politicians need the slogan…a collective illusion that let's everyone look good while nothing really changes.

You can find more details here on why I believe counting CO_2 is a serious economic and environmental problem. Just consider, would we or the world be better off if nuclear was invented 200 years ago and today our entire world would run on nuclear rather than oil, coal, and gas?

2. "Net-Zero": is objectively impossible

Let's get one thing straight: nothing is "net-zero"

Not wind turbines, not solar panels, not batteries. And certainly not hydrogen. Every so-called "green technology" relies on fossil fuels at some stage… (or all stages) for either mining, manufacturing, backup, transport, operation, or disposal. The raw material demand alone is staggering and the net energy efficiency or EROI (Energy Returned on Energy Invested) is abysmal for most of these "green" energy sources [4]. In essence, everything commonly considered "green" is more expensive (and therefore unjust) and not really "green" then considering system and lifecycle.

We are just moving the "emissions" upstream and blend out environmental burdens other than CO_2 (i.e. land use, methane, raw material and energy input, etc), pretending they don't exist. Then the obvious question arises of… ***are we truly reducing our impact on the environment?***

Let me sketch a little scenario from the steel industry (note: none of the below steps are "net-zero"):

- A company (that I know well) mines high-quality iron ore and uses grid electricity (from gas and oil) to produce iron ore pellets.
- Because the country of production has a lot of solar panels, the company buys certificates to claim its electricity was "green" or "net zero"
- The pellets go to a Direct Reduction Shaft Furnace (DRI) using "green" hydrogen to make sponge iron and then into an electric arc furnace (EAF) using hydrogen… and Voilà we have "green steel."
- That "green" steel is used to build a "green" car by a "green" car company that investors love.
- That "green" car is bought by a retailer or delivery company (let's say Amazon?) that needs to reduce its emissions and buys the "green" car as part of a "net-zero" fleet.
- The environmentally conscious customer buys the product using "green delivery services" from the retailer.

And believe it or not…insurance companies, investors, and banks fund the whole thing under ESG labels… claiming themselves "net-zero" investors and saving the planet from a climate disaster.

Figure 3: Predicted battery energy storage growth until 2035

But here a question I would like for you to critically consider: Who actually claims the credits and offsets from the government because of their "green" status?

1. The iron ore pellet company?
2. The steel producer, now considered "green"?
3. The solar operator selling certificates?
4. The hydrogen supplier?
5. The car company that uses the "green" steel?
6. The fleet procurer who bought the "green" cars?
7. The retailer or delivery company that procures the products from the fleet procurer?
8. The final customer buying the product using "green" delivery services?
9. The financiers and insurers backing all of the above?

The unpopular truth is that….all of them claim "green" status. They are stacking credits on top of credits, each claiming to be "green" / "net-zero" all without actually reducing their environmental impact in any significant way. In this case the status was claimed 9 (NINE) times. Similar is true for an European cement manufacturer that sells "green" cement from a coal-fired plant in Indonesia because they use "offsets" or "credits" from a hydro-power-run small cement plant in Norway.

3. Offsets: Fantasy emissions and "smart" accounting

"Carbon offsets" have become a **trillion dollar distraction** from what really matters. The theory is a noble one of.. if you emit CO_2 here, you pay to save CO_2 somewhere else. But as with so many theories, the reality looks different.

Now cutting down a tree suddenly counts as saving the climate?

Andrew Macintosh's 2024 study showed that many Australian forest-offset-projects had almost no impact on "carbon removals" [5]. Thus, many of the carbon credits issued may represent non-additional or impermanent "gains" rather than real "carbon removal". Meanwhile, so-called "carbon cowboys" are profiting from protected land in the Amazon, cashing in without reducing anything really [6].

Even the tech giants are quietly stepping back from "carbon offsets".

Tech giants like Google, Amazon and Meta, who were all once loud champions of "net-zero by 2030" are now dialling down the volume on "net-zero" and their "green" pledges [7]. Why is this you may ask? Because reality caught up with rhetoric/theory.

Carbon Offset & Credit Scandals

Year / Period	Player(s) / Project	What happened / alleged misconduct	Consequences / significance
2024–2025	C-Quest Capital (Kenneth Newcombe et al.)	The ex-CEO (Newcombe) was charged by the U.S. CFTC for fraud in voluntary carbon credits: overstating emissions reductions, inflating issuance, providing misleading information to registries and verifiers. CFTC+2Holland & Knight+2 The CFTC, SEC, and DOJ coordinated actions over a scheme issuing ~6 million excess carbon credits. Holland & Knight+2Bracewell LLP+2	This is one of the first major federal-level enforcement actions in the voluntary carbon space. It signals that regulators are willing to treat offsets like financial products subject to fraud laws. Holland & Knight+1
2023	South Pole / Kariba project (Zimbabwe)	After media scrutiny (e.g., The Great Cash-for-Carbon Hustle in The New Yorker), doubts emerged about whether credits from Kariba were backed by real, incremental emissions reductions. South Pole announced it would sever ties with the project. IACC Series+3The New Yorker+3Wikipedia+3	This is emblematic: even top offset firms can be pulled into scandal. Undercuts buyer confidence in big names too.
2024	Amazon / Brazilian REDD+ projects (Carbonext / Ricardo Stoppe)	Two major REDD+ projects (Unitor, Fortaleza Ituxi) certified by Verra were found to potentially be laundering illegal timber. These credits were sold to big firms (e.g. Nestlé, Boeing). Mongabay The same projects were implicated in land ownership irregularities, and Brazilian authorities had suspended logging permits in the region. Mongabay+1	Underscores that carbon credits from "forest protection" can overlap with illegal logging, land conflicts, or fraudulent land claims.
2023	Verra / "worthless" forest credits	A Guardian / journalistic investigation claimed that over 90% of rainforest credits certified by Verra are "worthless" — meaning they don't credibly deliver the claimed carbon reductions. The New Yorker+4The Guardian+4Mongabay+4 Defenders push back, but multiple academic critiques support the concern. LSE Blogs+2ScienceDirect+2	This is central: if the largest registry is certifying mostly bad credits, the entire voluntary market's legitimacy is compromised.
2025	California carbon offsets company — $145M fraud	A co-founder and majority shareholder of a U.S. offsets company was arrested for allegedly defrauding investors of at least $145 million in a carbon offsets scheme. Carbon Pulse	Adds to the narrative that the carbon offset space is not just soft fraud but potentially large financial fraud.
2025	Brazil: Para state and LEAF Coalition deal	Prosecutors are seeking to block a $180 million jurisdictional carbon credit deal covering Amazon preservation. They argue the state failed to consult affected communities and violated law by pre-selling credits. Reuters	This shows that even jurisdictional / subnational offset deals (which are sometimes viewed as more "credible") are not free of controversy.
Ongoing	Delta / airlines offset claims	Consumer class action (Berrin v. Delta) alleging that Delta's carbon-neutral marketing is misleading since offsets are weak / flawed. Harvard Law Corporate Governance Forum+1 KLM also faces claims of misleading offsets. Harvard Law Corporate Governance Forum	These are test cases for whether offset-based carbon neutrality claims amount to illegal consumer deception.
2023–2024	Timber laundering + "carbon cowboys" in the Amazon	Projects overlapping public or indigenous lands, estimating carbon credits from territory they had no right to, with no benefit to local inhabitants. The Washington Post reported that over half of forest preservation projects in the Brazilian Amazon overlapped with public land. The Washington Post	Illustrative of how land tenure and governance issues are weaponized in the offset trade.

HSBC Drops Carbon Credit Trading Amid Voluntary Carbon Market's $1B Decline

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By **Jennifer L**

HSBC Holdings Plc, Europe's largest bank, has abandoned its plans to establish a carbon credits trading desk, per a Bloomberg report. The decision reflects mounting concerns about the voluntary carbon market (VCM), which has been plagued by greenwashing allegations and declining corporate confidence.

Originally intended to trade credits and finance project developers, HSBC's carbon credit desk initiative was short-lived, with the team now reassigned to other roles.

Source: Carbon Credits.com – HSBC Drops Carbon Credit Trading Amid Voluntary Carbon Market's $1B Decline

As Alex Epstein wrote in 2025: ***"The '100% renewable' narrative is a fraud" [8]***. I must agree with him on this even if the word fraud is a strong one. I too believe that there is no such thing as "net-zero" or 100% "renewable". The world still runs on coal, oil, gas and will for decades to come.

That is why I firmly stand for IN-vestment into rather than DI-vestment from these traditional energy sources so that we can effectively and economically increase their economic efficiency and at the same time reduce their negative impact on our environment.

4. The ESG backlash in full swing

Regulators and courts are finally waking up. Some recent headlines I summarized for a quick overview on the current direction.

- ECB (European Central Bank) imposing fines on banks for climate failures [9] Banks can no longer just publish their glossy ESG reports. They now have to prove real progress or pay.
- ESG funds being shut down by the hundreds [10] More than 100 ESG funds were liquidated or merged in just one quarter! Nearly 350 were shut down this year alone.
- Greenwashing isn't just done by companies, it is enabled, exploited, and monetized by investors and ESG gatekeepers. The article by Zaruk argues that investor groups (like Carbon Disclosure Project) demand climate disclosures under the guise of transparency, but use that data to cherry-pick and trade, not to push for real environmental change. Companies then "green up" their disclosures to earn ESG ratings, rather than actually reducing environmental impact, in an attempt to avoid divestment or reputational damage. [11]
- The EU is cracking down on greenwashing by banning vague terms like "climate neutral" and "environmentally friendly" from marketing unless backed by verified proof. This seems a clear sign that regulators are no longer tolerating empty climate claim [12]. Patients is running low.
- A top UN official is now calling for climate "misinformation" to be criminalized, targeting media and advertisers that promote what they deem false or misleading environmental claims. If greenwashing spreads through ads and PR, it makes sense to start holding the messengers accountable too, now doesn't it?[13]

However, keep in mind that the "misinformation" meant by the UN may be a statement such as this "at system level, coal power is cheaper than solar power" (which is actually economically correct).

- Even major activist groups like Greenpeace are now being held legally accountable for their environmental campaigns. A U.S. jury ruled their protest tactics caused real damage. The outcome of this lawsuit just magnifies a shifting landscape, where bold environmental narratives are no longer immune from legal and financial consequences. [14].

7. Summary

What does this all mean?

HSBC walking away from "carbon credits" is definitely not a glitch, but rather to be seen as a warning. One of the world's largest banks just signalled that this "green" economy we have been sold may be built on very shaky ground. Too many pledges with too little substance. What was supposed to be an "energy transition" has turned into a marketing exercise with more spin on the narrative than real-life solutions. **I have not seen a transition yet**… only addition.

And while the wheels of the ESG machine turn, pushing companies to brand themselves as "sustainable", the reality underneath often tells us a different story. "Carbon credits" are traded like get-out-of-jail-free cards so that entire industries can claim to be "net zero" while in realty they are just outsourcing their emissions and buying feel-good offsets. Investors, insurers, activists, and even regulators are now wrapped in this loop of polished illusion, where everyone profits from appearing green, but few are held accountable for actual impact on our environment.

Worst of all, a CO_2 reduction project can be claimed up to 9x or even more along the entire value chain.

Are we not losing sight of the actual goal here? Less negative impact on the environment?

I care deeply about the environment, that is exactly why I speak out. The current obsession with wind, solar, hydrogen, and batteries is not a solution but rather a distraction from the energy concerns we are facing.

These intermittent energy sources deliver low energy returns and demand enormous raw material inputs, often sourced and disposed of under poor environmental and human rights conditions. Dare I mention the energy used for the production thereof or the short and often misunderstood lifespan of this equipment…

We should be IN-vesting not DI-vesting from the traditional energy infrastructure that still keeps the world running. Not because coal, oil and gas are perfect, but because we need energy systems that are reliable, affordable, and have the least possible negative impact on the environment without compromising reliability and affordability. In parallel we need to invest in R&D to find a truly long-term energy and environmentally more efficient and energy dense solution and one day wean off conventional fuels.

Energy poverty is definitely not a solution, even if we paint it "green"! We won't save the planet by starving humans of the energy we need to grow, develop, and innovate.

> *Greenwashing is no longer just a corporate PR problem, it has become a systemic delusion.*
>
> *We want to feel good. We want simple stories. We want to be told we are solving climate related issues by checking the right ESG boxes.*
>
> *But the unpopular truth is this: We cannot buy our way to sustainability with carbon credits. Real solutions require real energy, real accountability, and real trade-offs…and until we are honest about that, we are not saving the planet, we are just telling an expensive fairy tale.*

Links and Resources

[1] HSBC shelves plans for trading, financing carbon credits – Straits Times, Oct 2025
[2] 68% of U.S. Execs Admit Greenwashing – Fast Company, Apr 2022
[3] Fossil fuel greenwashing commentary – The Guardian, Sep 2024
[4] Lars Schernikau on Greenwashing – LinkedIn Newsletter, Mar 2025
[5] Macintosh et al., Limited Impact of Forest Offsets – Communications Earth & Environment, 2024
[6] Carbon Cowboys in the Amazon – Washington Post, Jul 2024
[7] Big Tech steps back from net-zero claims – Schernikau LinkedIn, Apr 2024
[8] Alex Epstein: How to End the "100% Renewable" Fraud – Substack, Sep 2025
[9] ECB to Fine Banks for Climate Failures – Bloomberg, May 2024
[10] Hundreds of ESG Funds Wound Down – Bloomberg, Oct 2024
[11] David Zaruk on ESG Disclosures – The Firebreak, Sep 2024
[12] EU bans "climate neutral" marketing terms – Frankfurter Rundschau, Jan 2024
[13] UN Calls to Criminalize Climate Misinformation – Climate Depot, Jun 2025
[14] Jury Orders Greenpeace to Pay Millions – Dallas News, Mar 2025

Carbon offset and credit scandals links

- CFTC – CFTC Charges Former CEO of Carbon Credit Project Developer with Fraud
- DOJ – Criminal Charges in Multi-Year Fraud Scheme in Carbon Market
- The New Yorker – The Great Cash-for-Carbon Hustle (Kariba / South Pole)
- The Guardian – Revealed: More than 90% of rainforest carbon offsets are worthless
- Reuters – Illegal loggers profit from Brazil's carbon credit projects
- Mongabay – For scandal-ridden carbon credit industry, Amazon restoration offers redemption
- Wall Street Journal – $145 Million Carbon Credit Fraud Indictment
- Reuters – Brazil prosecutors seek to block $180 million Amazon carbon deal
- Washington Post – Delta sued over carbon-neutral claims
- NL Times – KLM loses court case over misleading green claims
- Washington Post – Carbon Cowboys: Companies claimed offsets on public land
- ProPublica – The Carbon Offset Land Grab