

LEGITIMACY AT RISK: GREENWASHING, ESG DISCLOSURE, AND THE GOVERNANCE OF CARBON CREDIT MARKETS

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Agradecimento à órgão de fomento:

Acknowledgements to CAPES (Coordenação de Aperfeiçoamento de Pessoal de Nível Superior), that supports academic research, provides scholarships, and fosters international cooperation in the fields of education and research, advancing education and research excellence in Brazil

Introdução

Corporate sustainability strategies increasingly rely on ESG disclosure and carbon offsetting to enhance legitimacy. However, concerns over the authenticity of these practices remain high. Stakeholders demand not only transparency but also evidence of genuine internal transformation. The rise of greenwashing practices, particularly in voluntary carbon markets, signals the need for deeper theoretical understanding of how firms align sustainability claims with stakeholder expectations.

Problema de Pesquisa e Objetivo

This essay investigates how legitimacy theory explains the strategic use of carbon credits within ESG frameworks. It aims to critically assess how firms employ these mechanisms to gain societal acceptance and whether such strategies genuinely reflect environmental commitment or serve as symbolic compliance. The objective is to explore the boundaries between legitimate ESG signalling and greenwashing in the carbon credit context.

Fundamentação Teórica

The study is grounded in legitimacy theory, which posits that organisations seek to conform to societal expectations to maintain their licence to operate. It examines how ESG disclosures, stakeholder pressures, and symbolic behaviours interact in shaping perceptions of environmental legitimacy. The framework incorporates governance mechanisms—such as verification, transparency, and regulation—as moderators of greenwashing risk and tools to restore accountability.

Discussão

Carbon credits may be used to signal environmental responsibility while avoiding structural changes in emissions. The study explores how low-cost or poorly verified offsets facilitate greenwashing, especially in the absence of oversight. It also analyses how governance technologies—such as blockchain or third-party audits—can moderate this risk. The discussion highlights tensions between market-based sustainability tools and authentic decarbonisation.

Conclusão

While ESG practices are important for legitimacy, they may be insufficient without credible governance structures. The use of carbon credits, in particular, requires oversight to avoid reputational risk. Without robust verification and standardisation, ESG strategies may be perceived as superficial. Ensuring stakeholder trust depends on aligning claims with transparent and verifiable sustainability performance.

Contribuição / Impacto

This essay contributes by proposing a conceptual model that outlines the relationship between ESG practices, legitimacy pressures, and greenwashing risk. It presents four research propositions to guide empirical studies and informs practitioners on the importance of governance mechanisms. The insights are relevant for firms, investors, and regulators seeking to improve the credibility of corporate climate action.

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