Advertising Standards Bureau
Level 2, 97 Northbourne Avenue
Turner ACT 2612

25 February 2022

To Whom It May Concern:

We’re writing on behalf of Collective Fashion Justice and People for the Ethical Treatment of Animals (PETA) with a complaint against clothing retailer Sheep Inc, which makes garments out of Merino wool.

The company states its pieces are “naturally carbon negative” and “zero harm”. However, as detailed below, a number of the claims on the company’s website, social media pages, and advertisements apparently breach the Australian Association of National Advertisers Environmental Claims Code.

Screenshots of Facebook and Instagram ads, captured September 2021

‘Zero Emissions’
Sheep Inc uses the term “zero emissions” regularly across its advertisements and website copy, a claim that would lead any reasonable consumer to believe there are indeed zero emissions in the production of the company’s knitwear – however, this isn’t the case.
A blog published by Sheep Inc (but not directly accessible via its website navigation) states that the company runs “a full product lifecycle analysis (LCA) on any garments [they] sell to assess their carbon footprint (30.8kg of CO₂ for medium knits and 17.9kg for light knits)”.

Here, Sheep Inc references CO₂ rather than carbon dioxide equivalents (CO₂e), but given the methane emissions from sheep farming, such an LCA should reference CO₂e. In fact, documentation we received upon request from Sheep Inc by environmental consultants Carbon Footprint Ltd refers to CO₂e and reveals that the production of Sheep Inc knitwear does emit greenhouse gases (GHGs), refuting the company’s misleading claim that it produces no emissions.

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Page 1
A screenshot from Sheep Inc’s website, captured September 2021
A screenshot from Sheep Inc’s website, captured September 2021
A screenshot of a Sheep Inc advertisement on Facebook, captured September 2021

A screenshot from Sheep Inc’s website, captured September 2021

‘Naturally Carbon Negative’: Offsets
Sheep Inc’s environmental terminology becomes even more misleading when we consider its claim that its wool knitwear is “naturally carbon negative”.

For knitwear to be naturally carbon negative, its production would need not only to generate no emissions but also to sequester GHGs from the atmosphere. However, wool production is not carbon negative, as is shown by Sheep Inc’s LCA. In fact, the use of farmed animals in the fashion and food industries is responsible for such significant emissions that an official from the Food and Agriculture Organization of the United Nations has stated, “Livestock are one the most significant contributors to today’s most serious environmental problems. Urgent action is required to remedy the situation.”

The company’s claim that its garments are “naturally carbon negative” is especially unclear given the conflicting information on its website. The Crewneck Light, for instance, is advertised as producing -1.74kg of CO2e, but the company’s own blog claims that 17.9kg of CO2e is released into the atmosphere in the production of light knits. According to the same blog post, the reason for these greatly differing numbers is that the company “then mitigate[s] [its] impact by investing in biodiversity projects around the world, offsetting these CO2 emissions tenfold.”

While the company’s investment in biodiversity projects is commendable, it’s clear that Sheep Inc knitwear is not “naturally carbon negative” – rather, it produces GHGs and then offsets carbon through financial contributions to international projects unrelated to the production of knitwear. The efficacy of carbon offsetting is also contested, as planting trees isn’t equal to slashing GHG emissions from production to begin with.

‘Naturally Carbon Negative’: Sequestration

Carbon offsetting is not the only method Sheep Inc claims to use to reduce emissions in its supply chain. According to the Carbon Footprint Ltd documentation we requested of Sheep Inc, “[c]arbon sequestered at sheep farm[s]” supposedly mitigates the overall impact of the knitwear. This document cites a lower figure for emissions than what appears on the Sheep Inc website (8.55 kg of CO2e as opposed to 17.9 kg for light knits), representing yet another way in which the company potentially misleads consumers.

The LCA uses a global warming potential (GWP) value of 100 years, which is not always preferred by the scientific community – especially when considering the GWP values of GHG emissions like methane, which has a significant impact on the environment, despite its shorter lifespan.

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7Regenerative Farming,” Sheep Inc.
Sheep Inc is supplied by a wool-growing operation called Lake Hāwea Station as well as by Middlehurst Station and Omarama Station. Of these, Lake Hāwea Station – which covers 65,000 hectares of land and has almost 10,000 sheep and 200 angus cows – is the most vocal about its efforts to be a carbon-zero farm. Its owners claim to have “increased stock numbers and wool production while increasing [their] tree planting and retiring of marginal land”.

Enteric fermentation resulting in methane release from sheep and cows accounts for 1,800 tonnes of carbon equivalent emissions from Lake Hāwea Station. This makes up 71% of the operation’s emissions, while emissions from animal waste, fertiliser, supplements, and farm vehicles account for the remainder. Meanwhile, the farm claims to “lock up” 3,966 tonnes of carbon through tree planting and land-regenerating practices.

Lake Hāwea Station uses carbon offsets more locally than Sheep Inc, planting trees on its own land rather than investing in international biodiversity projects. While its efforts are commendable, neither the wool nor the knitwear produced with that wool are “naturally carbon negative”. The sheep and their wool don’t sequester carbon – the trees being planted do. The sheep, in fact, emit GHGs and contribute to the climate crisis, and it’s the sheep and their wool that are in Sheep Inc’s supply chain.

A screenshot from Sheep Inc’s website, captured September 2021

**Regenerative Agriculture: Knitwear That ‘Regenerates Our World. Not Destroys It’**

There is significant deception involved in Sheep Inc’s claim that its knitwear and its production “regenerates our world. Not destroys it”.

Other questionable claims include that “[r]egenerative farming creates sustainable long-term ecosystems by raising livestock in a way that sequesters carbon and maximises soil health” and that, in relation to animal agriculture, “[t]he thinking behind regenerative practices as a climate mitigation strategy, is to remove carbon dioxide from the air by storing it as organic carbon in soils”. Scientists refute claims like Sheep Inc’s that “this way of managing the land and livestock can ensure that agriculture can becomes [sic] part of the solution of the climate crisis, not part of the problem”.

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15“Regenerative Farming,” Sheep Inc.
A report published by the University of Oxford’s Food Climate Research Network finds that animal-based regenerative agriculture simply doesn’t live up to the “extremely ambitious” and thus “dangerously misleading” claims made by its proponents.\(^{17}\)

In addition to the inefficient use of land and subsequent carbon cost\(^{18}\) of “regenerative” animal agriculture, soil carbon reaches equilibrium after a few decades.\(^{19}\) At that point, no more carbon is sequestered using the methods Sheep Inc references, but sheep continue to release significant amounts of methane.

Tara Garnett, PhD, the primary author of the University of Oxford report, summarizes the key takeaway from the report:

> [G]rass-fed livestock are not a climate solution. Grazing livestock are net contributors to the climate problem, as are all livestock. Rising animal production and consumption, whatever the farming system and animal type, is causing damaging greenhouse gas release and contributing to changes in land use.\(^{20}\)

Sheep Inc cannot claim that its wool products are “naturally carbon negative”, that they result in “zero harm” to the planet, without misleading consumers. The company may do less harm than others, but the production of its knitwear still actively harms the planet by contributing to GHG emissions.

‘They’d Be Lying’
Sheep Inc states on its website that no other clothing brand can claim carbon-negative status – and “if they did, they’d be lying”.\(^{21}\)

The act of offsetting harmful industries by planting trees began in 1989, when Applied Energy Services offset a coal-fired power plant by financing an agriforest.\(^{22}\) As noted previously, carbon offsetting itself has questionable environmental credentials – but to say that no other clothing brand could offset emissions in a similar fashion is false.


\(^{19}\)Tara Garnett and Cécile Godde, “Grazed and Confused?”


\(^{21}\)“About Us,” *Sheep Inc.*

Our sheep live in New Zealand’s High Country with loads of space to walk, run around, or debate the origins of pavlova. All our farms are part of the ZG programme, which means they enjoy the highest animal welfare standards worldwide.

While our sheep are living their best lives, they also play a key role in the Regenerative Farming movement. Sheep keep the farm’s soil healthy by closing the nutrient loop and reducing the need for fertilisers. Our farmers also implement rotational grazing techniques which ensure the grass is never overgrazed and provides living organisms a constant source of nutrition, prevents soil erosion, increases water infiltration rates and store more carbon in the soil.

All of the above means our Sheep are able to provide wool which has a carbon negative footprint. Making us the first naturally carbon negative fashion brand on earth. No other clothing brand can say this; if they did, they’d be lying.

None of this is magic, simply science.

A screenshot from Sheep Inc’s website, captured September 2021

A Facebook ad and an Instagram ad that claim Sheep Inc’s knitwear is “zero harm”, captured September 2021

Zero-Harm Claims
Merino wool comes from Merino sheep, a type of sheep selectively bred to have wrinkled skin in order to produce more wool per animal. As science writer Jessica Orwig notes, the Merino sheep “doesn’t even qualify as a freak of nature because nature would never make such a sheep. They are an evolutionary nightmare.”23

These timid prey animals are pinned down and shorn to harvest their overabundance of wool, and no matter how careful the shearer, the shearing required for wool production is never zero harm to a sheep. According to an article published in the *Journal of Veterinary Medical Science*, shearing is stressful for sheep – the researchers noted that the animals’ blood cortisol levels were higher post-shearing and that those levels were maintained at the same rate between the first and tenth day post-shearing.\(^24\)

Sheep Inc cites on its website that its suppliers are certified under the ZQ Standard.\(^25\) This claim is meaningless to most consumers, especially since the requirements for that standard are not readily available to the public. While Sheep Inc is careful to mention that the ZQ Standard does not allow mulesing – a procedure in which a lamb’s hindquarters are sliced off with shears – it does allow workers to dock sheep’s tails, notch their ears, and castrate them without pain relief. Under 3.5.4.8 of the standard, wool growers are expected to engage in the establishment of “a pathway for the application of pain relief for tail docking and castration over a period of time”.\(^26\) Mutillations such as tail docking, which ZQ recommends be carried out with the use of a hot iron, are extremely painful. Research shows that many common methods of pain relief (should it be used at all, despite not being required by the standard) are ineffective at alleviating pain.\(^27,28,29\)

All sheep are ultimately slaughtered once their wool becomes brittle or begins to grow more slowly. It’s common practice in the industry to shear a lamb (a sheep younger than 12 months of age) once before the animal is slaughtered for meat – indeed, Sheep Inc supplier Lake Hāwea Station also sells lamb meat.\(^30\) No sheep used for commercial wool production lives until old age and dies naturally, especially if producers want the wool to be “the world’s finest”,\(^31\) as Sheep Inc claims its wool is. All sheep are taken to the abattoir, where workers electrically stun them and slit their throats. *Studies* show that stunning in abattoirs is often ineffective or is irrelevant if slaughter does not immediately follow – therefore, a significant number of animals are slaughtered while partially or even fully conscious and able to feel pain.\(^32\) The ZQ Standard includes no requirements for sheep cast for age and sent to slaughter and no standards for abattoirs.\(^33\)


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Wool production is clearly not “zero harm” for sheep. No company can guarantee that its wool comes from “happy sheep”\textsuperscript{34} who lead a “comfortable and happy life”,\textsuperscript{35} as Sheep Inc claims. The zero-harm claims used repeatedly in the company’s advertisements and on its website are deceiving, because they overstate the welfare standards afforded to sheep.

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\includegraphics[width=\textwidth]{sheep_inc_screenshot1.png}
\textbf{A screenshot from Sheep Inc’s website, captured September 2021}
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\begin{center}
\textbf{Sheep are people too.}

Sheep are very much partners in bringing our clothes to life, so giving them a comfortable and happy life is the least we can do.

Where fast fashion fails, our process thrives; it's zero waste, completely mulesing-free, and always puts the animals' welfare first. We work with independent farms in New Zealand (they have the best sheep in the world) selecting each one based on the quality of the sheep's wool and their level of care. They’re shorn once a year (the sheep, not the farmers) to prevent their coats from continuous growth and overheating, matting, and infections. Like any good trim, the shearing takes place under carefully supervised conditions so everyone's happy with the result.
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\includegraphics[width=\textwidth]{sheep_inc_screenshot2.png}
\textbf{A screenshot from Sheep Inc’s website, captured September 2021}
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\textbf{‘Adoption’ of Sheep}

Sheep Inc. also misleads consumers into believing that it protects and cares for sheep through its sheep “adoption” program. The name “Sheep Inc”, or “Sheep Included”, relates to this program.

\textsuperscript{34}“FAQ,” \textit{Sheep Inc}, accessed 24 February 2022, \url{https://nz.sheepinc.com/pages/faq}.

\textsuperscript{35}“About Us,” \textit{Sheep Inc}.
To “adopt” means “to legally take another person’s child into your own family and take care of him or her as your own child”. Of course, we often use the word more broadly, such as when we refer to companion animals as being “adopted” from shelters. But “adoption” should always be synonymous with “care” – to take in an individual and treat them with care or to rescue someone from circumstances in which they were unsafe. It is with these ideas in mind that many animal and environmental protection groups accept donations in return for symbolic adoptions of orangutans, whales, and other endangered species.

But Sheep Inc does not protect sheep from harm – it exploits them for economic gain. People who purchase knitwear from the company are promised updates on the sheep’s life, “[f]rom its whereabouts, to when it’s been shorn, to when it’s had lambs.” But, of course, customers aren’t updated when the sheep’s tail is docked or when they or their lambs are sent to slaughter. If events as significant as these are omitted, consumers aren’t truly kept up to date on a sheep’s life.

‘Adoption’ Images

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On social media, Sheep Inc introduces sheep with names matching those given by customers who “adopt” them by purchasing knitwear. Comments on these posts reveal that consumers believe they’re seeing genuine images of the sheep they’ve chosen names for.

However, the images are deceptive. One post reads, “Today we welcome ‘Big Boy’ to the flock. What will you call yours?”38 But the corresponding photo is apparently a stock image. The same sheep appears to be pictured across the ZQ,39 Aclima,40 and Fjällräven41 websites.

A Sheep Inc Instagram post, captured September 2021

Screenshots from the ZQ, Aclima, and Fjällräven websites, captured September 2021

In fact, on another social media post from Sheep Inc itself, the same sheep is welcomed into the flock, this time named Robert.42 With a reported flock of nearly 10,000 sheep43 at just one

42Sheep Inc, “Today we welcome Robert to the flock. If you are Robert’s adoptive parents give us a wave. If you have a friend named Robert who looks like this one, give us a wave also.” Instagram, 16 October 2020, accessed 11 January 2022, https://www.instagram.com/p/CGX60Tbh0aF/.
43Esther Taunton, “Lake Hawea Station.”
of Sheep Inc’s supplying farms and thousands fewer images of sheep shared online, it’s clear that specific sheep are not genuinely given different names or photographed for customers.

Although the images used across websites and social media accounts aren’t exactly the same, sheep experts from our teams attest that this is indeed the same sheep, pointing to the following features as indicators:

- Matching dark-coloured markings in the same under-eye position
- Matching dents in the same position on the front of the curled horn
- Matching wrinkle patterns above the nose
- Matching, overly large tear ducts
- Matching amounts of wool on the head and body, suggesting these images were taken of the same sheep on the same day

The sheep that customers believe they adopt when buying knitwear are not the animals Sheep Inc says they are, and they’re not treated with the care the company promises. There are multiple layers of deception involved in this marketing tool.

![A screenshot from Sheep Inc’s website (left) and social media (right), captured September 2021](image)

Thank you for your consideration of this important issue. If you’d like more information, please feel free to get in touch using the contact details below.