



# COMBATTING GREENWASHING IN INDIA

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Contextualising Global Good Practices to  
Drive Sustainable Consumption in India



# Acknowledgements

This briefing paper, *Combatting Greenwashing in India: Contextualising Global Good Practices to Drive Sustainable Consumption in India* explores the practice of greenwashing in India and globally. The paper offers conceptual clarity on greenwashing and examines global trends and its implications on genuine sustainable consumption strategies and practices. The paper also provides an overview of regulatory and legal frameworks from select jurisdictions and concludes with a set of recommendations for India.

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## Introduction

Understanding and addressing deceptive practice of greenwashing, where companies exaggerate or falsely claim environmental benefits, is crucial for crafting effective regulatory strategies to promote sustainable consumption. This briefing paper starts with definition and conceptual clarity on greenwashing; explores how the subject of greenwashing is evolving globally; presents regulatory frameworks across jurisdictions and; finally explains the prevailing regulatory framework in India and lessons that could be derived from international experiences to combat greenwashing in the country. In India, the Consumer Protection Act 2019 and the Competition Act 2002 aim to protect consumers from misleading claims but face challenges in enforcement and awareness. Drawing on global examples, the paper identifies good practices for India. Key recommendations include third-party verification of claims, enhancing enforcement capabilities through inter-agency collaboration, and consumer awareness campaigns. By aligning with and contextualising some of these global experiences, India can foster transparency, consumer trust, and sustainable entrepreneurship in its marketplace.

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# Understanding Greenwashing

## Definitions and Concept

Greenwashing, a term that gained significant traction in recent years, was first coined in 1986 by environmentalist Jay Westerveld, who observed the practice firsthand at a hotel in Fiji. The hotel encouraged guests to reuse towels to save the planet, while simultaneously undertaking expansions that threatened the local ecosystem, thus revealing the hypocrisy and true intent behind the environmental claims. The Oxford English Dictionary defines the term greenwashing as ‘The creation or propagation of an unfounded or misleading environmentalist image.’ This definition underscores the deceptive nature of greenwashing, where companies make false, exaggerated or ill-informed environmental claims about their products or services to create an image thereby misleading consumers about their environmental strategies and practices.

Various organisations and researchers have provided definitions that highlight different aspects of greenwashing. TerraChoice<sup>2</sup> defines greenwashing as ‘the act of misleading consumers regarding the environmental practices of a company or the environmental performance and positive communication about environmental performance.’ This definition highlights the deliberate intention to mislead consumers through positive environmental messaging that does not reflect the company’s actual practices.

Similarly, Baum<sup>3</sup> considers greenwashing as ‘the act of disseminating disinformation to consumers regarding the environmental practices of a company or the environmental benefits of a product or service,’ which aligns with the notion of intentional deceit. Tateishi<sup>4</sup> in his paper echoes this sentiment, summarising greenwashing as ‘communication that misleads people regarding environmental performance/benefits by not disclosing negative information and disseminating positive information about an organisation, service, or product.’ Both definitions focus on the selective disclosure of information to create a falsely positive environmental image.

Some experts, however, raise question about the inclusion of ‘intentionality’ in the definition of greenwashing – arguing that sometimes such claims might inadvertently be made by firms out of ignorance. This underscores the need for greater awareness on the topic among board members, business leaders and senior management, especially to protect the enterprise against reputational and regulatory backlash from greenwashing episode(s).

1. Oxford English Dictionary. Accessed at [www.oed.com/dictionary/greenwashing\\_n](http://www.oed.com/dictionary/greenwashing_n)

2. Greenwashing or the act of misleading consumers regarding environmental company practices, June 13, 2023. Accessible at [www.bioazul.com/en/greenwashing/](http://www.bioazul.com/en/greenwashing/)

3. Baum L, It’s Not Easy Being Green ... Or Is It? A content analysis of environmental claims in magazine advertisements from the United States and United Kingdom, Environmental Communication, 2012, Vol 6 Issue 4, Pg 423–440. Accessed at <https://doi.org/10.1080/17524032.2012.724022>

4. Tateishi E, Craving gains and claiming “green” by cutting greens? An exploratory analysis of greenfield housing developments in Iskandar Malaysia, Journal of Urban Affairs, 2018, Vol 40 Issue 3, Pg 370–393. <https://doi.org/10.1080/07352166.2017.1355667>

Delmas and Burbano<sup>5</sup> emphasise the duality in their definition: 'poor environmental performance and positive communication about environmental performance,' pointing out the 'gap' between actual environmental impact and communicated performance. The Natural Resources Defense Council (NRDC)<sup>6</sup> aligns with this view, defining greenwashing as making false or misleading statements about the environmental benefits of a product or practice.

Several key concepts explain the practice of greenwashing. One is exploitation of consumers' growing environmental awareness and intent to make eco-friendly choices. By presenting products or services as environmentally beneficial, companies tap into this market demand, often without implementing genuine sustainable strategies and practices. Proliferation of greenwashing therefore has considerable negative impact on the market for environmental products and services, as it creates disincentives for genuine firms – thereby stifling sustainable entrepreneurship. Further, lack of a regulatory framework and stringent oversight allows companies to make such claims without fearing or facing regulatory and/or reputational repercussions. Selective disclosure and emphasis on minor green attributes while ignoring larger environmental harms is often a common tactic.

By understanding the definitions and manifestations of greenwashing, consumers, business leaders and regulators can better identify and combat these deceptive practices, promoting genuine sustainable entrepreneurship and transparency in the marketplace, keys to achieving sustainable production and consumption.

## Exploring Greenwashing *Global Trends and Implications*

### *Global Trends*

Greenwashing is a growing global issue, not restricted only to advanced economies but also becoming prominent in other growing markets, where the awareness of certain categories of consumers on sustainable enterprises/products (and thereby demand) has increased over the years. As per a recent NYU - Centre for Sustainable Business report, sustainability-marketed products have been growing more than twice as fast as conventionally marketed products last few years<sup>7</sup>. So, it is expected that the problem of greenwashing is likely to proliferate these markets. The scale of greenwashing worldwide is estimated to be a staggering US\$ 22 trillion<sup>8</sup>. This widespread practice not only undermines genuine sustainability efforts but also deceives consumers, making informed choices difficult if not impossible.

5. Delmas M, Burbano V, The drivers of greenwashing, California Management Review, Sage Journals, 2011, Vol 54 Issue 1, Pg 64–87. Accessed at <https://doi.org/10.1525/cm.2011.54.1.64>

6. Lindwall C, What is Greenwashing?, NRDC, Feb 09, 2023. Accessed at [www.nrdc.org/stories/what-greenwashing#:~:text=What%20does%20greenwashing%20mean%3F,of%20a%20product%20or%20practice](http://www.nrdc.org/stories/what-greenwashing#:~:text=What%20does%20greenwashing%20mean%3F,of%20a%20product%20or%20practice)

7. <https://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/csb-sustainable-market-share-index>

8. Bhardwaj A, et.al., What's Greenwashing, Rediff, April 21, 2023. Accessed at [www.rediff.com/getahead/report/whats-greenwashing/20230421.html](http://www.rediff.com/getahead/report/whats-greenwashing/20230421.html)

**Europe:** In the European Union (EU), a 2021 study<sup>9</sup> conducted by the European Commission (EC) and national consumer protection authorities revealed that 42 percent of environmental claims in online marketing were vague, exaggerated, false, or potentially illegal. Similar trends are observed across various sectors, with many environmental claims on company websites failing to meet the required standards of truthfulness and accuracy.

The Corporate Climate Responsibility Monitor 2023, highlighted the misleading practices of 24 of the world's largest companies.<sup>10</sup> Despite these companies combined revenue of over US\$ 4.5 trillion and their contribution to four percent of global emissions, many continue to hide their lack of substantial climate action behind ambitious net-zero pledges for 2050. These companies span seven main sectors: automotive, retail fashion, supermarkets, food and agriculture, technology and electronics, shipping and aviation, and steel and cement.

Several other recent reports focusing on the EU market have indicated that greenwashing is rampant, particularly in the fashion and food industry. For instance, the Changing Markets Foundation reported that 59 percent of environmental claims made by popular European fashion brands were unsubstantiated or misleading.<sup>11</sup> Another report by the same foundation indicated similar trends in the food sector, where many claims of environmental friendliness on labels and advertisements were found to be exaggerated or lacking evidence.<sup>12</sup>

**United States (US):** Greenwashing has become a growing concern as companies increasingly attempt to leverage the rising consumer demand for environmentally friendly products.<sup>13</sup> A 2022 survey by The Harris Poll for Google Cloud found that 72 percent of North American companies and 58 percent of global companies admitted to engaging in greenwashing. Additionally, 43 percent of employees believed their own companies were involved in these deceptive practices.<sup>14</sup>

Greenwashing is also widespread in the service sector, including the financial services and banking industries, which have seen a significant rise in deceptive environmental claims.<sup>15</sup> Reports indicate a 35 percent increase in overall instances of greenwashing in 2021, with a 70 percent increase in these sectors specifically. Many claims involved financing fossil fuel projects, with over half of the documented cases linking financial institutions to oil and gas companies. The report further claims that 54 percent of companies in Asia, Europe, and North America have greenwashed their records on greenhouse gas emissions, global pollution, and other climate change-related issues. This trend highlights the disconnect between public environmental commitments and actual business practices.

9. Screening of websites for 'greenwashing': half of green claims lack evidence, European Commission, Press Release, Jan 28, 2021. Accessed at [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_269](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_269)

Isabelle Gerretsen, Why 'bio' and 'green' don't mean what you think, BBC, March 31, 2022. Accessed at [www.bbc.com/future/article/20220330-why-bio-and-green-dont-mean-what-you-think](http://www.bbc.com/future/article/20220330-why-bio-and-green-dont-mean-what-you-think)

10. Not-Zero: Report finds rampant greenwashing among richest global corporations, Renew Economy, May 21, 2024. Accessed at <https://reneweconomy.com.au/not-zero-report-finds-rampant-greenwashing-among-top-global-corporations/>

11. Synthetics Anonymous: fashion brands' addiction to fossil fuels, Changing Markets Foundation, June 2021. Accessed at <https://changingmarkets.org/report/synthetics-anonymous-fashion-brands-addiction-to-fossil-fuels/>

12. Feeding us Greenwash: An analysis of misleading claims in the food sector, Changing Markets Foundation, March 2023. Accessed at <https://changingmarkets.org/report/feeding-us-greenwash-an-analysis-of-misleading-claims-in-the-food-sector/>

13. Olatunji C, Regulating Corporate Greenwashing in the US: Combating Misleading Environmental Claims, March 27, 2023. Accessed at [www.linkedin.com/pulse/regulating-corporate-greenwashing-united-states-combating-champion-o/](http://www.linkedin.com/pulse/regulating-corporate-greenwashing-united-states-combating-champion-o/)

14. Tolliver-Walker H, Today's State of Greenwashing? Too Easy and Too Common, Commentary & Analysis, What They Think Magazine, Feb 21, 2024. Accessed at <https://whattheythink.com/articles/118297-todays-state-greenwashing-too-easy-too-common/>

15. Johnson L, Greenwashing growing in frequency and complexity: report, DIVE Brief, ESGDIVE, Oct 11, 2023. Accessed at [www.esgdive.com/news/greenwashing-rising-report-rep-risk-social-washing-sustainability/696289/](http://www.esgdive.com/news/greenwashing-rising-report-rep-risk-social-washing-sustainability/696289/)

**India:** According to consumers surveyed in the national capital New Delhi, the automobile, industrial manufacturing, and beauty products/cosmetics industries are the most prone to greenwashing.<sup>16</sup> Companies frequently use vague and misleading terms like 'eco-friendly', 'recycled', 'organic' and 'natural' as part of their greenwashing strategies, making it challenging for consumers to identify truly sustainable products. According to a study<sup>17</sup> by the Advertising Standards Council of India (ASCI), 79 percent of green claims made by organisations were exaggerated, or misleading. Additionally, a YouGov market research study<sup>18</sup> found that 71 percent of Indian consumers reported incidents of greenwashing, with 60 percent expressing concern over these deceptive practices.

### **Implications**

Greenwashing has profound implications for consumers, businesses, and the environment;

- It misleads consumers into believing they are making eco-friendly choices, fostering a false sense of contribution to sustainability and eroding trust in brands
- Economically, greenwashing distorts the market by giving deceptive companies an unfair advantage and diverting consumer resources from genuinely sustainable firms/products
- Environmentally, it redirects resources from effective actions and allows harmful practices to continue, slowing progress toward positive sustainability and climate goals
- It erodes consumer/society's trust on the ability of businesses to convey credible information to drive sustainable choice by consumers

To combat greenwashing, stronger regulations, better consumer awareness, and a commitment to transparency and honesty in marketing practices are essential. Further, business and C-suit strategic advisers should provide (evidence based) technical support to business leaders on this subject, to safeguard the brand from regulatory or reputational risks. Enhanced oversight and stricter regulations are crucial to ensure that sustainability related claims are truthful and substantiated, thus maintaining the credibility of genuine sustainability initiatives and fostering the trust, ambition, and action needed to address the climate crisis effectively.



16. Khandelwal M, et.al, Greenwashing: A study on the effects of greenwashing on consumer perception and trust build-up, Research Review International Journal of Multidisciplinary, Vol 04 Issue 01, Pg 607-612, Jan 2019. Accessed at [www.researchgate.net/publication/331630061\\_GREENWASHING\\_A\\_Study\\_on\\_the\\_Effects\\_of\\_Greenwashing\\_on\\_Consumer\\_Perception\\_and\\_Trust\\_Build-Up](http://www.researchgate.net/publication/331630061_GREENWASHING_A_Study_on_the_Effects_of_Greenwashing_on_Consumer_Perception_and_Trust_Build-Up)

17. Greenwashing: An overview, Mondaq, 11 December 2023. Accessed at [www.mondaq.com/india/environmental-law/1400574/greenwashing-an-overview](http://www.mondaq.com/india/environmental-law/1400574/greenwashing-an-overview)

18. *Ibid*

# Regulating Greenwashing Global Perspectives and Legal Frameworks

Based on assessment of a few jurisdictions, a 2023 One Planet Network report, Regulatory Frameworks to Combat Greenwashing<sup>19</sup> categorises regulatory frameworks to combat greenwashing, into the following four groups (Fig 1 below).

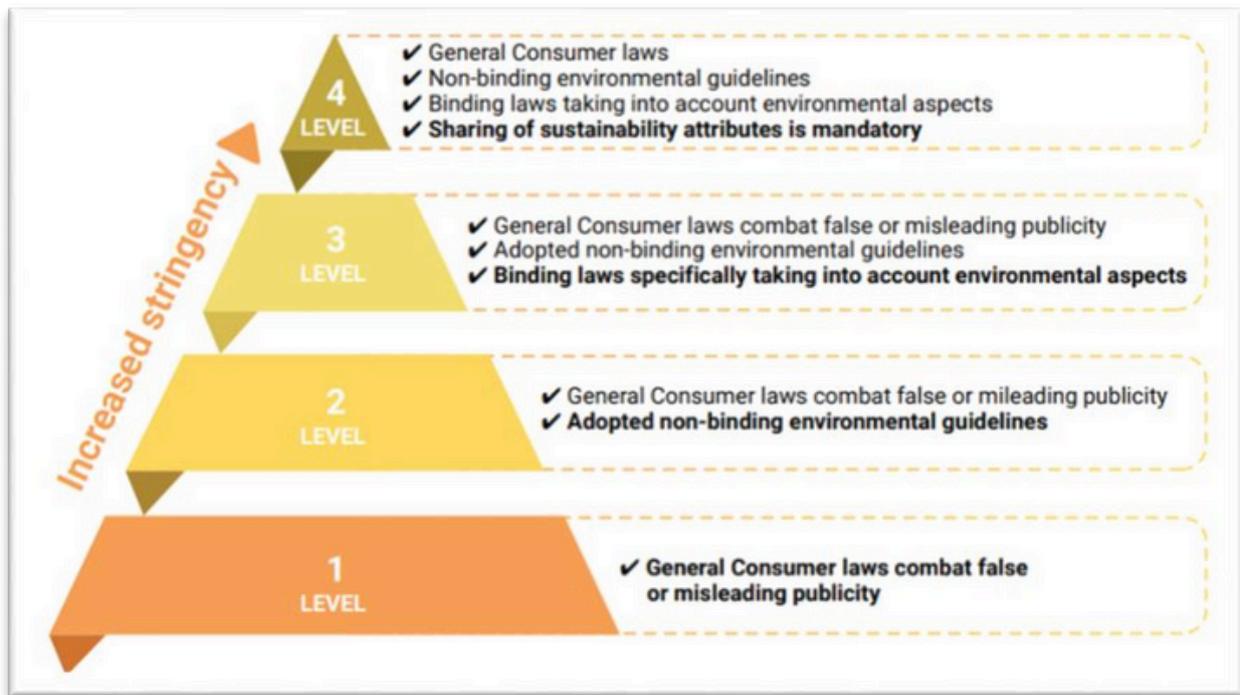
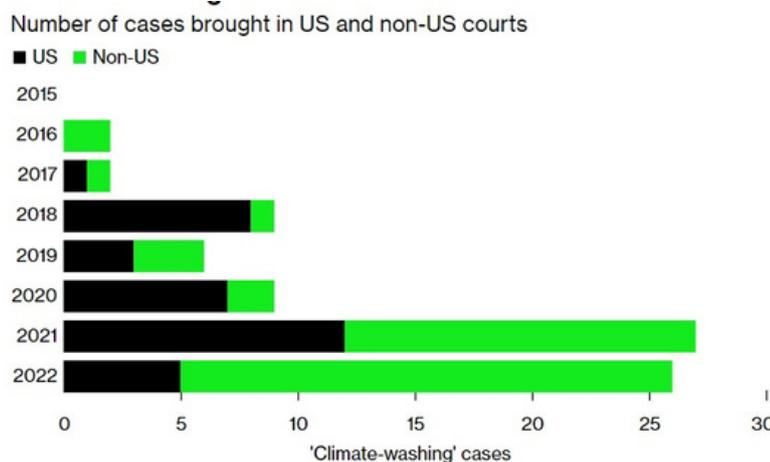


Fig 1: Categories of Regulatory Frameworks to Combat Greenwashing  
(Source: One Planet Network, 2023)

Greenwashing cases have surged globally in recent years. According to the UK-based Grantham Research Institute on Climate Change, there were 26 cases in court across the globe in 2022 compared to fewer than 10 in 2020 (refer Chart 1). The US, in particular, remains at the forefront of legal actions against these deceptive practices.



Source: Grantham Research Institute on Climate Change and the Environment/Sabin Center

Chart 1: Climate-Washing Cases Have Grown in Number Since 2015

Source: Olivia Rudgard, Greenwashing Before It Gets Worse, Bloomberg, 18 Sep 2023.

Accessed at: [www.bloomberg.com/news/articles/2023-09-17/regulators-are-trying-to-stop-greenwashing-before-it-gets-worse](https://www.bloomberg.com/news/articles/2023-09-17/regulators-are-trying-to-stop-greenwashing-before-it-gets-worse)

19. <https://www.oneplanetnetwork.org/sites/default/files/2023-09/UNEP%20Regulatory%20framework%202023.pdf>

**United States:** In the US, greenwashing has increasingly become a focal point for regulatory action and legal scrutiny. The Federal Trade Commission (FTC) plays a pivotal role in this effort by enforcing federal laws that prohibit unfair or deceptive acts or practice<sup>20</sup> in commerce. Central to the FTC's approach are the Guides for the Use of Environmental Marketing Claims, commonly known as the Green Guides,<sup>20</sup> first issued in 1992 and revised in 1996, 1998, and 2012. This Guide, currently being reviewed, provides businesses with direction on how to avoid making misleading environmental claims about their products, packaging, or services.

The Green Guides, reviewed approximately every ten years, are advisory and do not carry the force of law. However, the FTC can still take enforcement action if it determines that a company's claims violate federal laws against misleading consumers. Penalties for such breaches can reach up to US\$ 50,120 per violation.<sup>21</sup> Notably, the FTC has a strong track record of suing companies for deceptive environmental claims, as evidenced by the 2022 settlements with Walmart and Kohl's. These retailers were fined US\$ 3 and 2.5 million respectively for falsely marketing rayon textile products as being made from bamboo and therefore eco-friendly.<sup>22</sup> It remains to be seen, if punitive actions can act as deterrent for such delinquent behaviour.

Despite their advisory nature, the Green Guides have been instrumental in both regulatory and private actions against greenwashing. Private organisations often cite the guides when suing companies over false environmental claims, reinforcing the guides' influence even without direct legal enforcement. The FTC's announcement in December 2022 to review the Green Guides, the first in over a decade, underscores a growing emphasis on tightening regulations to curb deceptive practices more effectively.<sup>23</sup>

**Europe:** The EU is taking significant steps to regulate greenwashing through the *Directive on Empowering Consumers for the Green Transition* (Greenwashing Directive), formally adopted by the European Parliament in February 2024.<sup>24</sup> This directive aims to support the EU's green transition by clamping down on unsubstantiated environmental claims and providing consumers with reliable sustainability information. It amends both the 2011 *Directive on Consumer Rights* and the 2005 *Unfair Business-to-Consumer Practices Directive* by introducing specific rules for sustainability and environmental claims. This Directive covers all sustainability claims in a business-to-consumer context, including both *environmental (greenwashing)* and *social characteristic (bluewashing)* claims. It broadens the definition of environmental claims to include any representation suggesting a product, brand, or company has a positive or lesser impact on the environment compared to others.

20. Guides for the Use of Environmental Marketing Claims, (US Federal Trade Commission Regulation) (FTC). Accessed at [www.ftc.gov/sites/default/files/attachments/press-releases/ftc-issues-revised-green-guides/greenguides.pdf](http://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-issues-revised-green-guides/greenguides.pdf)

21. Dieter Holger, FTC Weighs Stiff Penalties on Deceptive 'Green' Marketing, WSJ, 12 Jan 2023. Accessed at [www.wsj.com/articles/ftc-weighs-stiff-penalties-on-deceptive-green-marketing-11673485112](http://www.wsj.com/articles/ftc-weighs-stiff-penalties-on-deceptive-green-marketing-11673485112)

22. *Ibid*

23. FTC Seeks Public Comment on Potential Updates to its 'Green Guides' for the Use of Environmental Marketing Claims, Press Release, FTC, 14 Dec 2022. Accessed at [www.ftc.gov/news-events/news/press-releases/2022/12/ftc-seeks-public-comment-potential-updates-its-green-guides-use-environmental-marketing-claims](http://www.ftc.gov/news-events/news/press-releases/2022/12/ftc-seeks-public-comment-potential-updates-its-green-guides-use-environmental-marketing-claims)

Additionally, in March 2023, the EC proposed the Green Claims Directive (GCD) to reinforce regulatory measures against false or misleading environmental claims. Under the GCD, only companies that have verified their claims as environmentally friendly can benefit commercially from using green claims.<sup>25</sup> Today, both directives work jointly to strengthen consumer rights by increasing scrutiny on companies' environmental claims. It is expected that both these regulations could pave the way for more greenwashing litigation cases globally.

**China:** China has not enacted specialised legislation specifically targeting greenwashing, but it addresses such practices through existing laws like the advertising law, consumer protection law, trademark law, and anti-unfair competition law. The advertising law mandates that advertisements must not contain false content and mislead consumers, while the anti-unfair competition law prohibits misleading or false representations about a product's quality, ingredients, performance, or origin. These laws emphasise honest and truthful advertising, implicitly covering environmental claims. The trademark law, though lacking a specific definition of 'green trademarks,' recognises widely accepted certification trademarks focused on environmental protection, such as the green food mark and organic food mark. The *Measures for the Registration and Administration of Collective Trademarks and Certification Marks* also indirectly address greenwashing by regulating false marketing practices.<sup>26</sup>

China's financial sector also takes steps to mitigate greenwashing. For instance, the local China Banking and Insurance Regulatory Commission in Jiangsu issued guidance in 2021 to promote green finance, urging banking and insurance institutions to establish robust assessment systems for green financial products and manage risks associated with greenwashing.<sup>27</sup> In February 2022, the People's Bank of China and other departments introduced the *14th Five-Year Plan for the Development of Financial Standardisation*, emphasising the need for improved green financial standards. Furthermore, the *Implementation Plan for Promoting Green Consumption*, issued in January 2022, aims to combat false labelling of green and low-carbon products, incorporating penalties into the national enterprise credit information systems. The *Memorandum of Cooperation on Joint Disciplinary Measures for Environmental Protection Defaults* enables joint measures against offenders, including restrictions on government procurement, land acquisition, and issuance of corporate bonds. These multifaceted regulations underscore China's commitment to curbing greenwashing through various legal frameworks.<sup>28</sup>

24. Directive 2024/825 of the European Parliament and of the Council amending Directives 2005/29/EC and 2011/83/EU. Accessed at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L\\_202400825](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202400825)

25. European Parliament adopts new rules on green claims, Tax News Update, US Edition, March 14, 2024. Accessed at <https://taxnews.ey.com/news/2024-0607-european-parliament-adopts-new-rules-on-green-claims>

26. Celine Bey et.al., Greenwashing: Exploring the Risks of Misleading Environmental Marketing in China, Canada, France, Singapore and the UK, Gowling WLG, 25 September 2023. Accessed at <https://gowlingwlg.com/en/insights-resources/articles/2023/the-regulation-of-greenwashing/>



**Singapore:** Even countries like Singapore also lacks specific laws addressing greenwashing directly, placing the burden on consumers to identify and challenge such practices. This task is complicated by the difficulty in proving that certain actions constitute unfair business practices or that harm has resulted from greenwashing misrepresentations. However, several general laws are relevant. The Consumer Protection (Fair Trading) Act safeguards consumers against unfair practices such as deceptive or misleading claims, allowing consumers to lodge complaints with the Competition and Consumer Commission of Singapore.<sup>29</sup> The Misrepresentation Act enables consumers to seek damages from merchants for business transactions based on misrepresentation. Additionally, the *Singapore Code of Advertising Practice* mandates that all advertisements must be legal, decent, honest, and truthful, indirectly supporting the fight against greenwashing.

**Australia:** Australia lacks dedicated legislation specifically targeting greenwashing. Instead, claims of greenwashing typically fall under existing laws that prohibit misleading or deceptive conduct in trade, commerce, financial services, and corporate governance. These include the Corporations Act 2001, Australian Securities and Investments Commission Act 2001, and the Australian Consumer Law (ACL), complemented by regulations under the Australian Prudential Regulation Authority Act 1998 and ASX Corporate Governance Principles and Recommendations.

Oversight and enforcement are managed by agencies such as the Australian Securities and Investments Commission (ASIC), Australian Prudential Regulation Authority (APRA), Australian Competition and Consumer Commission (ACCC), and Australian Securities Exchange (ASX).<sup>30</sup>

The ACCC's *Guidance on environmental claims*, published in December 2023,<sup>31</sup> outlines eight principles for companies to avoid breaching the ACL when making such claims. Companies found in violation of the ACL by making false environmental representations about their products can face fines of up to 50 million Australian dollars.<sup>32</sup>

27. Environmental Disclosure in the Banking Sector of China: Practices and Experience, Beijing Institute of Finance and Sustainability, July 2021. Accessed at [www.greenfinanceplatform.org/sites/default/files/learning-resources/action//China%20-%20Environmental%20Disclosure%20in%20the%20Banking%20Sector%20of%20China\\_Practices%20and%20Experience.pdf](http://www.greenfinanceplatform.org/sites/default/files/learning-resources/action//China%20-%20Environmental%20Disclosure%20in%20the%20Banking%20Sector%20of%20China_Practices%20and%20Experience.pdf)

28. Sustainability Claims and Greenwashing in China, CMS Green Globe, 10 May 2023. Accessed at <https://cms.law/en/col/publication/cms-green-globe/china>

29. V Tavintharan, Greenwashing: The Misleading Marketing of Sustainable Products and Initiatives, Singapore Environment Council, 01 March 2023. Accessed at [www.sec.org.sg/blog\\_Greenwashing-The-Misleading-Marketing-of-Sustainable-Products-and-Initiatives.html](http://www.sec.org.sg/blog_Greenwashing-The-Misleading-Marketing-of-Sustainable-Products-and-Initiatives.html)

**Canada:** In Canada, a comprehensive framework of federal, provincial, and self-regulatory measures addresses greenwashing. The Competition Act is the primary federal legislation, containing criminal and civil provisions that prohibit false, deceptive, or misleading environmental claims. Provincial consumer protection and trademark laws also play a crucial role, preventing false or misleading claims to the public under specific circumstances. Federal and provincial environmental laws, including environmental stewardship and producer responsibility laws, govern environment-related disclosures and mandate certain reporting obligations for companies. Additionally, provincial securities laws regulate environmental, social, and governance related disclosures to ensure they are not misleading. Likewise, Ad Standards' *Canadian Code of Advertising Standards* also addresses misleading environmental claims and prohibits inaccurate or deceptive claims. Recent legislative reforms have focused on 'climate washing,' addressing climate-related claims like 'net-zero' and 'carbon neutral.' Additionally, private certifications, logos, seals, and industry standards play a role in the regulatory landscape.

In June 2024, Canada introduced stringent amendments to the Competition Act aimed at combating greenwashing. These amendments specifically prohibit public claims about a product's environmental benefits or a business's environmental efforts unless substantiated by adequate and recognised testing methods. Crucially, the onus now falls on companies to substantiate these claims, shifting responsibility from the Competition Bureau to prove misleading advertising. Penalties for violations include significant fines up to CA\$10 million or CA\$15 million for subsequent offenses, three times the benefit gained from deceptive practices, or 3 percent of annual revenues. These <sup>33</sup>measures are designed to enhance accuracy and transparency in environmental marketing practices across the country.



Photo by Franki Chamaki on Unsplash

30. Greenwashing Inquiry Submission, Greenpeace Australia Pacific, June 2023. Accessed at [www.aph.gov.au/DocumentStore.ashx?id=19210cd7-3cdd-43dd-a9f4-5511b3dcb7fe&subId=743995](http://www.aph.gov.au/DocumentStore.ashx?id=19210cd7-3cdd-43dd-a9f4-5511b3dcb7fe&subId=743995)

31. <https://www.accc.gov.au/about-us/publications/making-environmental-claims-a-guide-for-business>

32. M D Barros, PG Silveira, Global Regulatory changes designed to prevent greenwashing, enhesa, 12 June 2024. Accessed at [www.enhesa.com/resources/article/global-regulatory-changes-designed-to-prevent-greenwashing/](http://www.enhesa.com/resources/article/global-regulatory-changes-designed-to-prevent-greenwashing/)

33. False or Misleading representation, Government of Canada. Accessed at <https://competition-bureau.canada.ca/deceptive-marketing-practices/types-deceptive-marketing-practices/false-or-misleading-representations>

**Table 1: Recent Greenwashing Cases and Regulatory Outcomes**

Year	Company	Greenwashing	Regulatory Body	Outcome
2023	Weiman Products LLC - a top specialty surface cleaning manufacturer.	Advertised cleaning products as 'non-toxic' and 'eco-friendly' on Weiman product labels, website, and third-party sites like Amazon.	US National Advertising Division	Company voluntarily discontinued 'eco-friendly' claims.
2023	Air France, Lufthansa and Etihad	Air France's ad claimed 'committed to protecting the environment' and Lufthansa urged passengers to 'fly more sustainably', Etihad's mentioned 'environmental advocacy' in ads.	UK Advertising Standards Authority	Ordered to cease ambiguous and unsubstantiated environmental benefit claims.
2021	Firstgas Group	Advertised natural gas as 'zero carbon gas'.	New Zealand Advertising Standards Authority	Unsubstantiated environmental claim; advertisement removed.
2024	Vanguard Investments Australia	Misleading environmental, social and governance claims about the Fund.	Australian Securities and Investments Commission	Found guilty of misleading investors. Federal Court to decide on penalty 1 August 2024.
2022	Keurig	Made false claims about the recyclability of its single-use K-Cup pods on its website, social media, packaging and logos.	Competition Bureau Canada	Fined US\$3 million; US\$800,000 donation for environmental causes; US\$85,000 for investigation costs; change in recyclable claims and packaging; publish corrective notices; enhance compliance programme.
2023	PRISM+	Claimed its air-conditioner was the 'best tip' to 'save Earth'.	Advertising Standards Authority of Singapore	Ad deemed 'not acceptable' and withdrawn due to misleading content according to the Singapore Code of Advertising Practice.

# Regulating Greenwashing in India

## Laws and Guidelines

India has several laws and regulations in place to address greenwashing. The below table presents a comprehensive overview of various regulations, guidelines, and standards in India aimed at combating greenwashing and promoting genuine environmental claims. These regulations collectively aim to ensure transparency, accuracy, and authenticity in environmental advertising and practices, safeguarding consumer interests and promoting sustainable development.

**Table 2: Relevant Regulations and Guidelines in India**

Year	Category	Regulation/Guideline
1991	Public Standards	Ministry of Environment & Forest introduced the Ecomark Scheme, a voluntary label awarded to consumer goods, which meet the specified environmental criteria and the quality requirements of Indian Standards.
1999	Public Standards	Bureau of Indian Standards (BIS) Eco-labeling standard IS/ISO 14024:1999, sets out criteria for the use of eco-labels based on international standards.
1999	Law (Enacted)	Trade Marks Act 1999 prevents greenwashing by disallowing trademarks that consist exclusively of 'green lingo' to designate the 'kind' or 'quality' of the product or if the mark is too 'generic' and consists only of 'green words'.
2002	Law (Enacted)	Competition Act 2002 prohibits false or misleading representations regarding the nature, characteristics, suitability, or quantity of goods, services, or any other matter related to promotion, marketing, or sale.
2013	Law (Enacted)	Companies Act 2013 indirectly addresses greenwashing through Section 34, imposing criminal liability under Section 447 on those authorising false or misleading statements in fundraising documents.
2018	Public Guidelines	Ministry of Environment, Forest, and Climate Change (MoEFCC) launched the Green Good Deeds movement, encouraging individuals and organisations to reduce their environmental impact, and published Guidelines for Environmentally Sustainable Practices.
2019	Law (Enacted)	Consumer Protection Act 2019 empowers the Central Consumer Protection Authority (CCPA) to take action against misleading advertisements, including those related to environmental claims.
2022	Public Guidelines	CCPA issued the Guidelines for Misleading Advertisements and Endorsements for Misleading Advertisements, prohibiting all forms of misleading and false advertisements.

<b>2022</b>	Private Standards/ Guidelines	Advertising Standards Council of India (ASCI) enforced a code of self-regulation for advertising, mandating that environmental claims be specific, accurate, and not misleading.
<b>2023</b>	Public Guidelines and Circular	Securities and Exchange Board of India (SEBI) issued a circular for green debt securities issuers, providing a list of dos and don'ts to avoid greenwashing and maintain the integrity of environmental claims.
<b>2023</b>	Public Guidelines and Framework	Reserve Bank of India notified the Framework for Acceptance of Green Deposits for Regulated Entities, aiming to address greenwashing concerns and augment the flow of credit to green activities/projects.
<b>2023</b>	Public Standards	MoEFCC published the draft Eco Mark Certification Rules, 2023 , encouraging consumers to choose environmentally friendly products and incentivising manufacturers to produce Eco Mark certified products. Final notification of this law is awaited.
<b>2024</b>	Public Guidelines and Circulars	CCPA released the draft 'Guidelines for Protection of Consumers against Greenwashing' in accordance with the Consumer Protection Act of 2019, defining greenwashing, and stipulating requirements for companies making green claims.
<b>2024</b>	Private Standards/ Guidelines	ASCI Published the Guidelines for Advertisements Making Environmental/Green Claims, outlining their approach to assessing environmental or green claims.

## Greenwashing in India *Lessons from Global Practices*

Based on Fig1 (Levels of Regulatory Frameworks to combat Greenwashing), India is seen to be placed in level 3, having a dedicated generic consumer protection law; having adopted non-binding environmental guidelines and binding laws taking specific environmental parameters into consideration. In the following section, the paper examines various aspects of the Indian regulatory landscape, to build a strong case for the Government, businesses and consumer organisations to collaborate on the subject. This section focusses on three main aspects: (i) Regulatory framework and enforcement; (ii) Consumer awareness and actions and (iii) Self-regulation.

### **Regulatory Framework & Enforcement**

India's regulatory framework includes foundational laws such as the Consumer Protection Act and Competition Act, supplemented by sector-specific regulations and emerging guidelines from the CCPA. While these measures provide a strong basis for tackling greenwashing, challenges remain in their enforcement and in fostering consumer awareness.

Strengthening this framework could involve enacting specific legislation directly addressing greenwashing or integrating targeted provisions related to environmental aspects within existing advertising and consumer protection laws. Clearer legal guidance and protections would enhance regulatory efficacy, especially taking cues from some of the global 'good practices'.

The EU has taken a more stringent approach with the Greenwashing Directive and Green Claims Directive, mandating third-party verification of environmental claims and providing comprehensive consumer protection. China's multifaceted legal framework addresses greenwashing through existing laws on advertising, consumer protection, and unfair competition. Singapore relies on general consumer protection laws that indirectly cover greenwashing. Each of these frameworks has its strengths and weaknesses, such as the complexity and cost of compliance in the EU or the lack of specificity in China's approach.

### ***Consumer Awareness and Actions***

A national campaign against greenwashing by CCPA in partnership with consumer organisations under the umbrella 'Jago Grahak Jago' initiative, through active social media participation could be considered. Proliferation of greenwashing has implications on the efficacy of Mission LiFE (Lifestyles for the Environment) by confounding consumers about the actual impact of their market behaviour and procurement actions.

Implementing third-party verification of claims, strengthening enforcement capacities through collaborative efforts among regulatory bodies, and launching awareness campaigns to enhance consumer awareness against greenwashing, are critical steps.

### ***Self-regulation and Industry Action***

Industry and professional bodies can play an important role in addressing greenwashing by members, as has been done by ASCI. Awareness of other industry associations should be built on the subject, especially of consumer-facing industries like food retail, garments, e-commerce, consumer electronics, etc. Training modules developed by UNEP in partnership with the consumer information programme of the One Planet Network, are available for free online at <https://www.oneplanetnetwork.org/knowledge-centre/resources/green-marketing-challenge>.

Implication of greenwashing on (environmental) entrepreneurship; industry reputation and long-term consumer welfare should be prioritised in such activities.

Drawing insights from global best practices and adapting them to India's unique context will help guard consumers against greenwashing effects and support genuine sustainability initiatives –helping achieve the goal of Mission LiFE.



## Key Recommendations

- Specific legislation/legal provisions to address greenwashing
- Effective public regulatory framework and sound enforcement capabilities of agencies
- Co-regulation through engagement of industry associations and/or professional bodies
- Nationwide consumer campaign(s) to build awareness about sustainable consumption and greenwashing
- Third-party verification for claims to enhance credibility
- Periodically review and update legal provisions/guidelines/standards

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