Guidelines to Combat Greenwashing

For Prelims: **Greenwashing**, **Central Consumer Protection Authority (CCPA)**, **Greenhouse gas emissions**, **Environmental Impact Assessments (EIA)**, **Extended Producer Responsibility (EPR)** **, EU**, Greenwashing Guidelines, **COP27**

For Mains: Consumer Protection and Environmental Claims, Corporate Accountability and Greenwashing, Global Environmental Governance, Challenges in Combating Greenwashing, Environmental Ethics and Sustainable Development

Source: BS

Why in News?

Recently, the **Central Consumer Protection Authority (CCPA)** released guidelines to regulate **greenwashing** and misleading **environmental claims.** This initiative seeks to ensure transparency and consumer trust in **eco-friendly** marketing practices.

Central Consumer Protection Authority (CCPA)

- CCPA is the regulatory body established under Section 10 of the **Consumer Protection Act (CPA), 2019,** it regulates matters related to consumer rights violations and unfair trade practices.
    - The act empowers the CCPA to prevent false or misleading advertisements and ensure consumer rights are protected.
- It operates under the **Ministry of Consumer Affairs, Food and Public Distribution.**
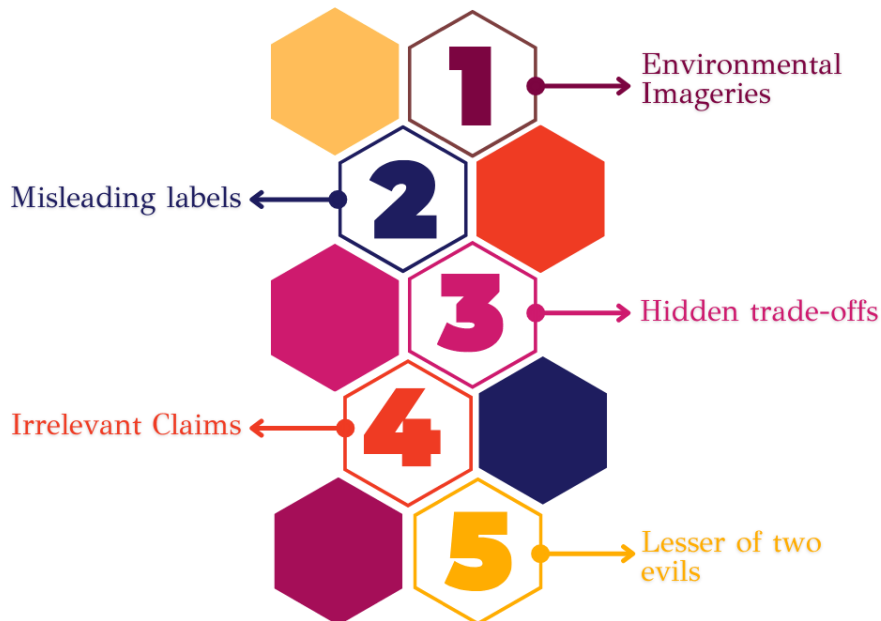
What is Greenwashing?

- **About:**
    - The term greenwashing was first used in **1986 by Jay Westerveld**, an American environmentalist and researcher.
    - Refers to any deceptive or misleading practice involving exaggeration, omission, or **false environmental claims.**
        - Use of misleading symbols, imagery, or language that highlights positive environmental aspects while concealing harmful ones.
        - **Exclusions**: It does not include obvious hyperbole, puffery, or generic colour schemes/images that aren't deceptive.
        - **Environmental Claims** refer to the representations about goods or services, including their components, manufacturing processes, packaging, usage, or disposal, that **suggest environmentally friendly attributes.**
- **Examples of Greenwashing:**
    - **Volkswagen Scandal:** The German car manufacturer was discovered to have

manipulated emissions tests for its allegedly eco-friendly diesel vehicles, which constituted an instance of greenwashing.
- Several other multinational corporations, including oil giants like **Shell and BP, and Coca Cola** have faced accusations of greenwashing.

TYPES OF GREENWASHING

What are the Key Points From the Greenwashing Guidelines?

- **Objective:**
  - The aim is to combat **greenwashing,** a practice where companies falsely promote products as environmentally friendly without credible proof, protecting consumers from **deceptive marketing tactics**.
- **Applicability:**
  - These guidelines target **manufacturers, service providers, traders, ad agencies, and endorsers,** requiring them to substantiate environmental claims.
  - Terms like **eco-friendly,** **green, sustainable,** **natural,** and others must be backed by **credible evidence**, avoiding vague or misleading descriptions.
    - For instance, terms like **100% eco-friendly or zero emissions** must be qualified with precise information on the product or service.
  - The guidelines **do not apply** to advertisements or communications **that are not specific to a product or service unless they directly or indirectly refer to one.**
- **Verification & Disclosure:**
  - Companies must support their environmental claims with **independent studies, third-party certifications, or reliable scientific evidence**.
  - Claims must specify which part of the product (e.g., packaging, manufacturing) is eco-friendly and must be accessible via **QR codes**, **URLs, or clear advertisements.**
- **Penalties for Misleading Claims:**
  - Any company found violating these guidelines may face penalties for misleading advertising and **unfair trade practices under consumer protection laws.**
  - **Future-oriented claims** (e.g., goals to reduce carbon emissions) can only be made if backed by actionable and transparent plans.
  - Specific environmental claims like **"compostable," "plastic-free," "recyclable,"** etc., must be supported by **scientific evidence or third-party verification**, and should be made available for consumer reference.
- **Technical Terms:**
  - To improve consumer understanding, companies are required to explain technical terms

like **greenhouse gas emissions** or **Environmental Impact Assessments (EIA)** in user-friendly language.

- **Central Consumer Protection Authority's (CCPA) Role:**
    - The **CCPA** **will oversee the enforcement** of these guidelines, working with various stakeholders to ensure compliance, prevent consumer harm, and promote truthful **environmental advertising.**

THE HISTORY OF GREENWASHING

PRE-1980s

Misleading green claims were here, just without the infamous name we know today. After the nuclear meltdowns in Michigan and Idaho, Westinghouse ads praise the virtues of nuclear energy - with **questionable corporate motives**.

1980s-90s

In 1983, Jay Westerveld coins the term '**greenwashing**', after staying at an expanding resort in Fiji urging guests to **reuse towels** to save the planet. Eco-consciousness grows in the '80s and the term's use spreads. Meanwhile, Big Oil spins its image against mounting scrutiny.

2000s-10s

Despite rising knowledge that **greenwashing** is bad, corporations continue to misbehave and mislead, in a void of regulation. In 2004, BP popularizes the **carbon footprint** - an underhand idea to shift the responsibility from company to consumer.

2020s

In 2022, **greenwash** finally makes it into the dictionary, as awareness rises and the word enters everyday conversations. Searches for **greenwashing** and related terms peak around the same time. Laws start to emerge and record penalties are made.

TODAY

Legislation is catching up. The EU **bans generic eco labels**. The US' Federal Trade Association (FTA) is due for a Green Guide update. The UK has a plethora of open **greenwashing investigations**. Greenwashing is still here, but under pressure.

What are the Key Factors Driving Greenwashing in India?

- **Growing Environmental Awareness:** Increasing awareness among Indian consumers about environmental issues has led to a demand for eco-friendly products.
  - Companies may exaggerate claims to meet this demand, with consumers willing to pay

more for green products.

- **Regulatory Pressure**: Government regulations like the **Extended Producer Responsibility (EPR)** policy create pressure on companies to appear environmentally responsible, sometimes leading to false compliance claims.
- **Corporate Social Responsibility (CSR):** Companies overstating their environmental efforts to meet the **mandatory 2% CSR** spending requirement under the **Companies Act, 2013**, is a driver of greenwashing.
- **Media and NGO Activism:** Media and **NGOs** uncover greenwashing practices, pushing companies towards greater transparency.
  - Investigations reveal deceptive environmental claims, like misleading **biodegradability labels.**
- **Consumer Scepticism:** Due to frequent greenwashing, Indian consumers distrust sustainability claims, leading to higher demand for third-party certifications.

Global Initiatives to Combat Greenwashing

- **UNFCCC COP27 Declaration: UN Secretary-General** calls for zero tolerance for greenwashing, urging corporations to amend their practices.
- **EU Green Bond Standards:** In October 2023, the **EU** approved **new standards** to combat greenwashing, promoting transparency.
- **European Green Bond Label:** Requires **85% of funds** to be directed toward sustainable activities, supporting climate neutrality goals.

What are the Concerns Surrounding Greenwashing?

- **Dilution of Climate Goals:** Misleading claims undermine the credibility of genuine environmental efforts.
- **Unfair Recognition:** Entities practising greenwashing may gain undue rewards for irresponsible behavior.
- **Market Distortion:** Greenwashing creates an uneven market, disadvantaging companies with genuine **environmental standards.**
- **Lack of Regulations:** Insufficient standards for environmental claims allow greenwashing to persist unchecked.
- **Carbon Credit Integrity:** Greenwashing weakens the reliability of **carbon credit systems**, particularly in unregulated markets.

Way Forward

- **Accountability:** Companies must be held accountable for their environmental actions and disclose their policies, practices, and challenges.
- **Support Green Initiatives:** Consumers should back businesses with proven environmental performance and social responsibility.
- **Comprehensive Regulations:** Implement thorough regulations and standards for environmental claims to enhance transparency and accountability.

Read More: Greenhushing and its Implications.

Drishti Mains Question

What is greenwashing? Suggest measures to mitigate greenwashing in India.

UPSC Civil Services Examination, Previous Year Question (PYQ)

PDF Refernece URL: https://www.drishtiias.com/printpdf/guidelines-to-combat-greenwashing