# **The Global Landscape of Corporate Greenwashing: Trends, Impacts, and Responses**

**Executive Summary:**

Recent analysis reveals a complex and evolving landscape of corporate greenwashing worldwide. While the overall frequency of greenwashing incidents has seen a slight decrease, there is a concerning surge in the number of high-severity cases, suggesting a potential shift towards more impactful forms of environmental misrepresentation 1. This trend may indicate that companies are becoming more cautious with minor or easily detectable misleading claims, potentially due to increased scrutiny, but some continue to engage in more significant acts of deception. Simultaneously, the regulatory environment is intensifying globally, with numerous legal actions and increasing scrutiny targeting companies that make misleading environmental claims across diverse sectors and geographical regions. Notable examples include the implementation of the EU Green Claims Directive and Canada's Bill C-59, signaling a growing global commitment to accountability in environmental marketing 2. These regulatory developments are crucial as greenwashing significantly impacts consumer trust, brand reputation, and overall market dynamics. Studies consistently show that consumers are increasingly willing to pay a premium for genuinely sustainable products, making the incentive for deceptive practices high. However, the exposure of greenwashing can lead to severe negative market reactions, including decreased stock value and long-term damage to brand image 7. The role of advertising agencies in crafting potentially misleading "green" campaigns is also under increasing scrutiny, with calls for greater ethical responsibility within the industry 10. Organizations and initiatives dedicated to monitoring and exposing greenwashing practices play a vital role in holding companies accountable and fostering a more transparent and trustworthy market for sustainable goods and services.

The observed decrease in the total number of greenwashing cases alongside the 30% increase in high-severity filings between June 2023 and June 2024, as reported by RepRisk, suggests a significant shift in how companies approach environmental claims 1. This could be attributed to a phenomenon known as "greenhushing," where companies, fearing increased scrutiny and potential backlash, are becoming more cautious about broadly communicating their environmental efforts 1. However, the rise in severe cases indicates that when companies do engage in greenwashing, the instances are more significant and potentially more deceptive, carrying greater risks for consumers and the environment. Furthermore, the differing trends observed regionally, with a notable drop in greenwashing cases in the European Union and a slight increase in the United States during the same period, likely reflect the varying degrees of regulatory enforcement and the maturity of public awareness regarding sustainability in these regions 1. The proactive and comprehensive regulatory measures implemented by the EU appear to be having a tangible effect in curbing greenwashing, while the US, despite increasing regulatory signals, might still be in a phase where the impact of these measures is unfolding.

**Introduction: The Rising Tide of Greenwashing:**

Greenwashing, at its core, is the deceptive practice of making unsubstantiated claims that lead consumers to believe a company's products, services, or overall operations are more environmentally friendly or have a greater positive environmental impact than is actually the case 11. This tactic has become increasingly prevalent in the business world, primarily fueled by the growing consumer demand for products that align with environmental values 11. Companies recognize the financial advantages of being perceived as "green," as eco-conscious consumers are often willing to pay a premium for such products 8. However, this financial incentive can unfortunately lead some companies to exaggerate or misrepresent their environmental efforts, engaging in greenwashing rather than making genuine sustainability improvements. Consequently, there is a rising tide of scrutiny from various stakeholders, including consumers who feel misled, investors who are concerned about the authenticity of ESG (Environmental, Social, and Governance) claims, regulatory bodies tasked with protecting consumers and the environment, and non-governmental organizations (NGOs) dedicated to promoting corporate accountability 10. These entities are increasingly vigilant due to the potential of greenwashing to undermine legitimate sustainability initiatives and delay meaningful action on critical environmental issues. The methods employed in greenwashing are diverse, ranging from the use of misleading labels and imagery that evoke nature, to the propagation of vague and unsubstantiated claims about environmental benefits, and the strategic highlighting of minor "green" initiatives while obscuring larger, more detrimental environmental impacts through hidden trade-offs 10.

The practice of greenwashing is not a recent invention; the term itself originated in the 1960s, highlighting a long history of companies attempting to capitalize on environmental concerns 8. However, its significance and impact have dramatically increased in recent years. This amplification is largely due to the heightened global awareness of environmental issues, particularly climate change, and the corresponding increase in both the scale and scope of corporate sustainability claims. The fact that consumers are increasingly prepared to pay more for products marketed as sustainable creates a powerful economic incentive for companies to present a "green" image 8. This dynamic can unfortunately lead to a market failure where the strong consumer demand for environmentally sound products is not always met with authentic sustainability efforts, but rather with deceptive marketing tactics designed to capitalize on this demand without incurring the costs of genuine environmental improvements.

**Global Instances of Greenwashing Across Industries:**

Greenwashing is a pervasive issue that spans numerous industries across the globe. Several sectors have faced particular scrutiny for their environmental claims, raising concerns about the authenticity of their sustainability efforts.

In the **fossil fuels** industry, a sector inherently linked to significant environmental impact, greenwashing is a common tactic. Shell has been accused of "gaslighting" the general public by promoting its renewable energy investments while the vast majority of its capital expenditure continues to be directed towards fossil fuel projects 13. Similarly, BP's ambitious rebranding in 2001 as "Beyond Petroleum," complete with solar panels on some gas stations, has been criticized as a superficial attempt to project an eco-friendly image, given that over 96% of its annual spending remains focused on oil and gas exploration and production 19. ExxonMobil has also faced scrutiny for advertising its experimental algae biofuels as a future solution to transport emissions, despite the company lacking a comprehensive net-zero target and its current emission reduction goals not encompassing the majority of emissions resulting from the use of its products 19. TotalEnergies engaged in a deceptive social media competition in South Africa, promoting its commitment to environmental protection while simultaneously holding a major stake in a controversial crude oil pipeline project with significant environmental risks 13. More recently, Equinor's advertisements have been found to be misleading by the UK's Advertising Standards Authority (ASA), as they gave the impression that the company's investments in wind power and carbon capture were substantial, while in reality, over 99% of its energy production comes from fossil fuels 18. The consistent appearance of the fossil fuel industry as a primary source of greenwashing likely stems from the fundamental conflict between its core business activities and the urgent global need for decarbonization. The substantial advertising budgets of these companies enable the widespread dissemination of environmental claims that often lack genuine substance. Furthermore, the frequent use of carbon offsetting by airlines, such as KLM's "Fly Responsibly" campaign, Qantas's "Fly Carbon Neutral" program, Ryanair's low-emissions claims, Delta's false carbon-neutrality claims, and Austrian Airlines' "climate-friendly" aviation claims, has also been widely criticized 13. Concerns have been raised about the actual effectiveness of these offsets and whether they truly represent a significant environmental contribution or merely serve as a "smokescreen for further emissions" 21.

The **consumer goods** sector also presents numerous examples of greenwashing. Procter & Gamble faced a class-action lawsuit accusing the company of greenwashing its Charmin toilet paper by promoting responsible forestry while allegedly sourcing wood pulp from Canada's boreal forest, a critical region for biodiversity 21. Coca-Cola, often named the world's largest plastic polluter, has been scrutinized for its "World Without Waste" campaign, with critics arguing that its actual practices and massive waste generation do not align with this messaging 13. The company also backtracked on a commitment to have 25% reusable packaging, further damaging its environmental credibility 21. Cynical marketing ploys, such as labeling a sugary drink "Coca-Cola Life" with green packaging to appear healthier, also exemplify greenwashing in this sector 13. Misleading recycling claims, as seen with Keurig's coffee pods, and false representations of product content or origin, such as Windex's claims about ocean-bound plastic and non-toxicity, are other common tactics 13. Even seemingly positive initiatives, like McDonald's switch to paper straws, have been criticized as superficial efforts that do not address the company's broader environmental footprint related to sourcing and waste management 13. The focus on minor "green" initiatives by consumer goods companies often serves to distract from their overall significant environmental impact, particularly in areas like extensive packaging and complex supply chains. The inconsistency between stated sustainability goals and actual practices, as demonstrated by Coca-Cola's reversal on reusable packaging, underscores the critical need for accountability regarding public environmental pledges.

The **fashion** industry, known for its significant environmental and social impacts, has also come under fire for greenwashing. In the UK, the Competition and Markets Authority (CMA) launched an investigation into ASOS, Boohoo, and Asda after finding their sustainability claims, particularly around "eco-friendly" and "sustainable" clothing lines, to be potentially misleading due to the use of broad and vague language not sufficiently backed by data 21. Shein's "EvoluSHEIN" collection also faced investigation, raising questions about the authenticity of its environmental claims 21. H&M, a major player in fast fashion, has been repeatedly accused of insincere sustainable fashion claims, with studies finding a shockingly high percentage of their claims to be misleading. Their "Conscious" line, intended to appeal to environmentally aware consumers, has been particularly criticized as a marketing tactic designed to create a greener image without substantial underlying changes to their unsustainable business model 13. Lululemon's "Be Planet" campaign also faced criticism, highlighting the challenges for fashion brands in making credible sustainability claims given the industry's significant contribution to pollution and waste 19. The prevalence of greenwashing in the fast fashion industry is likely due to the inherent conflict between its model of high consumption and short product lifecycles and the principles of environmental sustainability. Regulatory bodies are increasingly taking notice, as evidenced by the UK's CMA investigation, indicating a growing recognition of the need for stricter oversight in this sector.

In the **automotive** sector, Volkswagen's "Dieselgate" scandal remains a prominent and stark example of greenwashing. The company admitted to installing software in millions of diesel vehicles to cheat emissions tests, presenting a false image of low-emission and eco-friendly vehicles while they were actually emitting pollutants at levels far exceeding legal limits 15. This deception led to massive fines, significant damage to the company's brand reputation, and a widespread erosion of consumer trust. Toyota was also fined a substantial amount for violating the US Clean Air Act by failing to report defects in its vehicle tailpipe emissions and delaying information on recalls related to these defects 27. Greenwashing in the automotive industry often involves misrepresenting emissions data or heavily promoting "green" vehicle options, such as electric vehicles, while continuing to produce and sell a large volume of traditional, more polluting models. The long-term consequences of such practices on air quality and climate change are considerable.

The **finance** sector has also seen a rise in greenwashing accusations. HSBC faced criticism for misleading climate advertisements that presented an overly positive view of its environmental impact while failing to adequately address its significant investments in fossil fuels 13. Active Super was called out for misrepresenting its investment strategy as environmentally responsible 13. Regulatory bodies have also taken action against financial institutions for greenwashing, with Goldman Sachs and BNY Mellon facing fines for making misleading claims about their ESG funds and failing to follow their stated ESG investment policies 27. Morgan Stanley's recent decision to drop a 2030 goal related to plastic pollution prevention also raises concerns about the financial sector's commitment to its environmental pledges 24. RepRisk's report indicated a significant increase in greenwashing claims in the banking and financial services industry in the previous year, although this saw a decrease in the latest report, suggesting ongoing scrutiny in this sector 1. Greenwashing in finance can have serious implications for investors who rely on ESG ratings and claims to make informed decisions aligned with their sustainability values. Misleading information can lead to capital being directed towards unsustainable practices under the guise of environmental responsibility.

The **technology** sector, while often perceived as inherently "cleaner" than traditional industries, is not immune to greenwashing. The concept of "digital greenwashing" has emerged, referring to the use of technology to spread disinformation about an organization's sustainability efforts or making false or misleading claims about the environmental impacts of digital products and services 32. These claims often fail to acknowledge the significant environmental footprint associated with the digital supply chain, including the energy consumption of data centers and the resources used in manufacturing electronic devices 30. Examples include companies promoting "green" web badges based on hosting choices or carbon offsets, which can be misleading as they often ignore emissions from other critical components of the digital ecosystem, such as end-user devices and network hardware 32. Even major technology companies like Apple have faced accusations of greenwashing at times, highlighting that even companies with strong public images can be subject to scrutiny regarding their environmental claims 23. The focus on the seemingly intangible nature of digital products can create opportunities for oversimplified or incomplete claims about their environmental benefits, neglecting the often substantial real-world environmental costs associated with their production and use.

In the **agriculture** sector, greenwashing frequently involves downplaying the significant environmental impact of industrial farming practices, particularly those related to meat and dairy production. Tyson Foods, one of the world's largest meat companies, is facing a lawsuit for allegedly misleading consumers with its claims of "climate-smart beef" and its commitment to net-zero emissions by 2050, with the lawsuit arguing that these claims are not supported by adequate plans or actions 23. The food sector, in general, has been found to have rampant greenwashing, with numerous misleading claims on even the most carbon-intensive products like beef 34. Examples include the use of "carbon neutral," "climate positive," and "net zero" labels without credible emissions reduction plans, as well as more subtle tactics like using idyllic images of grazing cows on dairy products that may not reflect actual production methods 34. The debate around the use of glyphosate in "regenerative agriculture" also highlights concerns about agrochemical companies potentially greenwashing their practices 36. Danish Crown is currently facing legal action for labeling its pork products as "climate controlled," a claim deemed misleading 13. Accusations also arise regarding companies using "organic" labels on products that do not fully adhere to organic farming standards 37. The complexity of food supply chains and the potential for unsubstantiated claims make this sector particularly vulnerable to greenwashing, often masking the significant greenhouse gas emissions and other environmental impacts of modern agriculture.

The **tourism** sector also exhibits various forms of greenwashing, often exploiting the desire of travelers to make environmentally responsible choices. Hotels or eco-lodges may claim to be "eco-friendly" or "sustainable" while engaging in practices that are far from it, such as using diesel generators in off-grid locations or pumping untreated wastewater into natural environments 38. Misleading claims are also common regarding animal "sanctuaries" that prioritize entertainment over animal welfare 38. Some hotels may promote superficial sustainability initiatives, like asking guests to reuse towels, but then contradict these efforts by changing linens daily regardless of guest preferences, primarily benefiting the hotel's bottom line rather than the environment 38. The aviation industry's reliance on carbon offsetting schemes has been widely questioned in this context as well 13. Recently, Flixbus was fined in Belgium for making misleading environmental claims on its website, presenting its coaches as the "most environmentally-friendly means of transport" without adequate justification 41. Austrian Airlines was also found guilty of greenwashing for leading consumers to believe that using sustainable aviation fuels made air travel "climate-friendly," despite the fact that these fuels still emit CO2 when burned and are blended with fossil fuels 22. MSC Cruise was instructed to stop making certain marketing claims related to environmental friendliness 23. The lack of standardized regulations and certifications in the tourism sector makes it difficult for consumers to distinguish between genuine sustainability efforts and deceptive greenwashing tactics.

**Legal and Regulatory Landscape of Greenwashing:**

The global response to greenwashing is increasingly marked by legal actions and heightened regulatory scrutiny. Across various regions, authorities are stepping up efforts to combat misleading environmental claims made by companies.

Recent legal actions and regulatory scrutiny worldwide demonstrate a growing intolerance for greenwashing. In the UK, the Competition and Markets Authority (CMA) has been particularly active in investigating and addressing misleading environmental claims, especially in sectors like fashion 21. The CMA is set to receive powerful new consumer law enforcement powers, further strengthening its ability to tackle greenwashing 42. Australia's Competition and Consumer Commission (ACCC) has also been proactive, successfully suing companies for dubious green claims 42. The European Union has been at the forefront of regulatory developments, with the first reports under the Corporate Sustainability Reporting Directive (CSRD) expected in 2025, increasing transparency requirements for companies 5. Furthermore, the EU has introduced the Green Claims Directive, which sets specific criteria for environmental claims and labels, including independent audit requirements 2. Canada has also taken significant steps with the passage of Bill C-59 in June 2024, amending the Competition Act to introduce stricter requirements for companies making environmental claims 2. Even in Asia Pacific, governments are catching up, with South Korea being the first East Asian nation to draft a law against greenwashing 4. While overall greenwashing cases have decreased globally, the United States saw a slight increase, indicating regional variations in the effectiveness of current regulations and enforcement 1.

Penalties imposed on companies for misleading environmental claims are becoming more significant. Volkswagen's "Dieselgate" scandal resulted in fines and settlements exceeding $30 billion globally, highlighting the potential financial repercussions of large-scale greenwashing 15. Toyota was ordered to pay $180 million in the US for violating emissions reporting requirements 27. Keurig Canada paid $3 million in fines for misleading claims about the recyclability of its coffee pods 13. In the financial sector, DWS, a Deutsche Bank-controlled investment firm, paid $25 million to settle allegations of marketing ESG funds as "greener" than they actually were 27. The Italian energy company Eni was fined €5 million for claiming its palm oil-based diesel was "green" 8. More recently, Flixbus faced a fine in Belgium for misleading environmental claims on its website 41. These examples demonstrate that regulatory bodies are increasingly willing to impose substantial penalties on companies found guilty of greenwashing.

Different countries and regions are addressing greenwashing through a variety of legislation and consumer protection laws. In the UK, the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) and the Business Protection from Misleading Marketing Regulations 2008 (BPRs) provide a framework for preventing unfair practices, including misleading environmental claims 44. The US Federal Trade Commission (FTC) offers non-binding guidance through its "Green Guides," advising advertisers on practices considered deceptive 11. Many US states also have their own laws regulating environmental marketing claims, with California having particularly strict standards 24. France has taken a strong stance by criminalizing greenwashing and increasing sanctions for such offenses 4. Italy's Consumer Code, enforced by the Italian Competition Authority (ICA), prohibits misleading commercial practices, including unfair green claims 49. Canada's recent amendments to the Competition Act through Bill C-59 introduce new requirements for substantiating environmental claims 2. Australia's Competition Act also protects consumers from misleading representations, including environmental claims 44. These diverse legal frameworks reflect a global effort to ensure that environmental claims made by companies are truthful, accurate, and substantiated.

Industry standards also play a role in combating greenwashing, although their effectiveness can vary. The Forest Stewardship Council (FSC) certification aims to promote responsible forest management and provides a label to help consumers identify sustainably sourced wood products 8. However, even certifications can be subject to scrutiny and allegations of "bluewashing" if they focus on narrow aspects of sustainability while overlooking broader impacts 42. Voluntary carbon offsetting schemes, often used by companies to claim carbon neutrality, have been criticized for their lack of transparency and the potential for them to be used as a way to avoid making real emissions reductions 24. Third-party verification organizations are increasingly being recognized as crucial for building consumer trust and reducing allegations of greenwashing by providing independent assessment of environmental claims 16. The development and adoption of robust and widely recognized industry standards, coupled with effective enforcement, are essential for creating a more trustworthy market for sustainable products and services.

**Quantifying the Economic Impact of Greenwashing:**

The economic impact of greenwashing is multifaceted, affecting consumer trust, brand reputation, market value, and leading to significant financial risks for companies.

One of the most damaging consequences of greenwashing is the erosion of consumer trust. When companies make misleading or false claims about the environmental benefits of their products or services, consumers who believe these claims may end up paying more for products that do not deliver on their environmental promises 7. Discovering that they have been misled can lead to disillusionment and cynicism towards all environmental claims, making them less likely to trust businesses in the future 7. Studies have shown that a significant portion of consumers are willing to switch brands if they find out a company's environmental claims are misleading, highlighting the potential for long-term damage to customer loyalty 29. This erosion of trust not only affects individual companies but can also undermine the broader market for genuinely sustainable products, as consumers become wary of all "green" claims.

Greenwashing scandals can have severe repercussions for a company's brand reputation and market value. The exposure of deceptive environmental claims can lead to significant reputational damage and a loss of customer loyalty, which can be difficult and costly to repair 9. Companies implicated in greenwashing often experience negative impacts on their stock returns and increased market volatility, particularly in the immediate aftermath of public disclosure of their misleading practices 9. The long-term effects on brand image can be substantial, making it harder for these companies to attract and retain customers who are increasingly prioritizing sustainability in their purchasing decisions. The increasing sensitivity of investors to environmental issues means that greenwashing is also becoming a greater financial risk, as investors may choose to divest from companies with a history of deceptive environmental claims 9.

Beyond the impact on consumer trust and brand reputation, greenwashing carries significant financial risks in the form of fines and legal costs. As highlighted earlier, regulatory bodies around the world are increasingly imposing substantial penalties on companies found guilty of making misleading environmental claims 27. The costs associated with legal battles, settlements, and potential requirements for corrective advertising can also be substantial 15. Furthermore, companies engaging in greenwashing may face shareholder litigation and other legal challenges from stakeholders who have been financially harmed by these deceptive practices 24. The growing awareness of greenwashing and the increasing enforcement of regulations are making it financially riskier for companies to engage in this practice.

Greenwashing creates an uneven playing field in the market. Companies that genuinely invest in sustainable practices often face higher production costs compared to those that simply make unsubstantiated "green" claims 8. This can disadvantage businesses that are truly committed to environmental responsibility, as they may struggle to compete with companies that use deceptive marketing to attract eco-conscious consumers without making real sustainability improvements. This unfair competition can hinder the growth of the market for authentic sustainable products and slow down the overall transition to a more environmentally friendly economy.

**Organizations and Initiatives Monitoring Greenwashing:**

A growing number of organizations and initiatives are actively working to monitor and expose greenwashing practices by companies around the world. These entities play a crucial role in holding companies accountable and promoting greater transparency in environmental claims.

Organizations like RepRisk track and report on greenwashing cases globally, providing valuable data and analysis on the prevalence and severity of misleading environmental communications 1. Environmental NGOs and consumer groups are also at the forefront of calling out instances of greenwashing. Groups such as Plastic Rebellion, Earthsight, Adfree Cities, and Greenpeace actively investigate and publicize cases where companies' environmental claims do not align with their actions 13. These organizations often play a key role in bringing greenwashing to the attention of the public and regulatory bodies. Advertising standards authorities, such as the UK's ASA and the South Africa Advertising Regulatory Board, investigate complaints about misleading environmental claims in advertising and can issue rulings that require companies to withdraw or correct their advertisements 13.

International bodies like the United Nations are also taking action against greenwashing. The UN Secretary-General has established expert groups to develop clearer standards for net-zero emissions pledges and has called for a global ban on fossil fuel advertising, urging creative agencies to stop assisting fossil fuel companies in greenwashing 10. Initiatives like the Carbon Disclosure Project (CDP) encourage companies to disclose their environmental data, which can help to increase transparency and make it easier to identify potential greenwashing 16. Certification bodies, such as the FSC, aim to provide reliable indicators of sustainability in specific sectors, helping consumers to make more informed choices and potentially reducing the risk of being misled by false claims 8.

The increasing sophistication of monitoring methodologies, including data analysis and media scrutiny, is making it more challenging for companies to conceal greenwashing practices 9. The active involvement of a diverse range of organizations, from data providers and NGOs to regulatory bodies and international institutions, demonstrates a multi-faceted approach to tackling greenwashing and a growing ecosystem of accountability aimed at fostering a more transparent and trustworthy market for sustainable goods and services.

**Case Studies: The Fallout of Greenwashing:**

Several high-profile cases illustrate the significant negative impacts of greenwashing on companies' brand reputation and consumer trust.

The Volkswagen "Dieselgate" scandal is a prime example of the severe fallout from greenwashing. The company's deliberate deception regarding the emissions of its diesel vehicles led to massive fines, a significant drop in stock value, extensive legal battles, and lasting damage to its brand image and consumer trust 15. The scandal not only resulted in billions of dollars in financial penalties but also triggered regulatory changes and increased scrutiny of the entire automotive industry's emissions testing procedures.

Shell has faced ongoing accusations of greenwashing due to the significant discrepancy between its marketing of renewable energy and its continued vast investment in fossil fuel production 13. Critics argue that the company's focus on minor renewable energy projects and vague sustainability goals serves to distract from its primary business, which continues to contribute significantly to greenhouse gas emissions. This has led to protests, negative media coverage, and increasing skepticism from consumers and investors regarding the authenticity of Shell's environmental commitments.

H&M's "Conscious" line, marketed as a more sustainable clothing option, has been widely criticized as an instance of greenwashing 13. Investigations revealed that a large percentage of the sustainability claims made about these products were misleading or unsubstantiated. This exposure has damaged H&M's reputation among environmentally conscious consumers, leading to accusations of exploiting their concerns for profit without making genuine efforts to reduce the environmental impact of their fast fashion business model.

Other notable case studies include Coca-Cola's backtracking on its reusable packaging commitment, which eroded trust in its broader sustainability efforts 13, and Qantas's misleading carbon neutral claims, which were challenged by climate activists for overstating the effectiveness of carbon offsets 13. These cases collectively demonstrate that companies engaging in greenwashing face significant risks, including financial penalties, severe reputational damage, and a decline in consumer trust, often resulting in long-term negative consequences for their brand and market position. The public exposure of greenwashing can trigger a cascade of negative effects, including regulatory investigations, consumer boycotts, and investor divestment, highlighting the interconnectedness of stakeholder responses to environmental deception.

**The Role of Advertising and Marketing Agencies in Greenwashing:**

Advertising and marketing agencies play a significant, and often debated, role in the phenomenon of greenwashing. These agencies are frequently tasked with creating campaigns that promote companies' environmental credentials to consumers 10. In some instances, these campaigns may overstate a company's positive environmental impacts, focus on minor "green" initiatives while downplaying larger negative impacts, or use vague and unsubstantiated claims that mislead consumers about the true extent of a company's sustainability efforts.

The ethical responsibilities of advertising agencies in this context are increasingly being questioned. Critics argue that agencies have a duty to ensure the accuracy and truthfulness of the environmental claims they promote on behalf of their clients 54. The UN Secretary-General has even called upon creative agencies to stop assisting fossil fuel companies in greenwashing, highlighting the significant role these agencies play in shaping public perception 10. There are also potential legal risks for advertising agencies involved in creating misleading campaigns. While much of the legal liability for false advertising falls on the company making the claims, agencies could face scrutiny, particularly in cases involving significant and demonstrable harm 54. The mention of lawsuits against McKinsey and Publicis for their alleged involvement in the marketing of opioids in the US serves as a reminder of the potential for third-party liability in cases of harmful advertising 54.

Within the advertising industry itself, there is growing awareness of the issue of greenwashing. Some employees, particularly younger generations, are hesitant to work with clients in high-emitting industries like fossil fuels, reflecting a desire to align their professional activities with their personal values 17. This internal pressure may lead to a greater emphasis on ethical considerations within advertising agencies and a more cautious approach to creating environmental marketing campaigns. However, the significant financial incentives associated with representing major corporations, including fossil fuel companies, continue to pose a challenge in fully addressing the role of advertising agencies in facilitating greenwashing.

**Conclusion: Navigating the Era of Greenwashing:**

The analysis presented in this report underscores the continued prevalence of greenwashing across a wide array of industries globally. Despite increasing awareness among consumers, investors, and regulators, and the growing number of legal and regulatory efforts to combat it, companies continue to engage in practices that mislead the public about their environmental performance. The economic, reputational, and societal risks associated with greenwashing are significant, eroding consumer trust, damaging brand image, and hindering the transition to a truly sustainable economy. The legal and regulatory landscape is evolving rapidly, with stricter rules and more stringent enforcement actions being implemented in various regions. This increasing pressure necessitates greater vigilance from all stakeholders to identify and address greenwashing effectively.

**Recommendations:**

**For Businesses:**

* Ensure all environmental claims are truthful, accurate, and substantiated with credible evidence. Avoid vague and unqualified claims like "green" or "eco-friendly" 21.
* Be transparent about all sustainability initiatives, clearly communicating both the positive achievements and the remaining challenges and impacts 21.
* Focus on making meaningful and measurable environmental improvements across the entire value chain, rather than relying on superficial marketing tactics 16.
* Engage in third-party verification of environmental claims and seek recognized certifications to enhance credibility 16.
* Exercise caution and transparency when using carbon offsets, clearly communicating how they are calculated, the projects they support, and their limitations 21.
* Ensure complete alignment between advertising and marketing campaigns and the actual environmental performance and impact of the company's operations and products 54.

**For Consumers:**

* Be skeptical of broad and general environmental claims. Look for specific, detailed, and verifiable information about a product's or company's environmental impact 7.
* Conduct independent research on companies' sustainability initiatives beyond their marketing materials. Seek information from independent organizations and reports 14.
* Support organizations and initiatives that actively monitor and expose greenwashing practices to encourage greater corporate accountability 14.
* Do not hesitate to ask companies for more transparency and evidence to support their environmental claims. Engage with brands and demand clear and honest communication 39.

**For Regulators:**

* Continue to strengthen and harmonize greenwashing regulations across different regions to create a level playing field and facilitate international cooperation 2.
* Increase the frequency and intensity of enforcement actions against companies making misleading environmental claims, and ensure that penalties are sufficiently deterrent 27.
* Provide clear and comprehensive guidance and standards for environmental marketing claims to help businesses understand their obligations and to facilitate consistent enforcement 44.
* Enhance international cooperation and information sharing among regulatory bodies to address global greenwashing practices effectively 4.

**Key Tables:**

**Table 1: Examples of Greenwashing Across Industries**

| **Industry** | **Company** | **Example of Greenwashing Claim** | **Source(s)** | **Outcome/Consequences** |
| --- | --- | --- | --- | --- |
| Fossil Fuels | Shell | Marketing of renewable energy investments while the majority remains in fossil fuels | 15 | Accusations of "gaslighting" and undermining climate action efforts. |
| Automotive | Volkswagen | "Clean diesel" vehicles that cheated emissions tests | 15 | Over $30 billion in fines, severe reputational damage, loss of consumer trust. |
| Fashion | H&M | "Conscious" line with a high percentage of misleading sustainability claims | 13 | Criticism for insincere efforts, damage to reputation among environmentally conscious consumers. |
| Consumer Goods | Coca-Cola | "World Without Waste" campaign despite being a major plastic polluter | 15 | Scrutiny and accusations of not aligning practices with marketing. |
| Aviation | Qantas | "Fly Carbon Neutral" program with overstated effectiveness of carbon offsets | 21 | Complaint by climate activists, highlighting concerns about misleading consumers. |
| Finance | Goldman Sachs | Misleading claims about ESG fund policies | 27 | Fined $4 million by the SEC. |
| Technology | GreenGeeks | Claiming a website is "300% green" due to hosting choice, ignoring other emissions | 32 | Misleading claim as it doesn't account for the entire digital ecosystem's impact. |
| Agriculture | Tyson Foods | Marketing "climate-smart beef" without an adequate plan to significantly reduce emissions | 33 | Lawsuit filed alleging misleading claims. |
| Tourism | Flixbus | Claiming to be the "most environmentally-friendly means of transport" without justification | 41 | Fined for greenwashing in Belgium. |

**Table 2: Key Greenwashing Regulations and Consumer Protection Laws by Region**

| **Region/Country** | **Key Legislation/Regulation** | **Key Provisions** | **Enforcement Body** |
| --- | --- | --- | --- |
| European Union | EU Green Claims Directive (Proposed) | Sets requirements for environmental claims and labels to follow specific criteria, including independent audits; aims to ban generic environmental claims. | To be transposed into national law by member states. |
| Canada | Bill C-59 (Amendment to the Competition Act) | Introduces new requirements for companies making environmental claims about activities, products, or the entity itself; claims must be substantiated by internationally recognized methodology. | Competition Bureau of Canada. |
| United Kingdom | Consumer Protection from Unfair Trading Regulations 2008 (CPRs); Business Protection from Misleading Marketing Regulations 2008 (BPRs); Green Claims Code | Prohibits unfair and misleading practices, including environmental claims; Green Claims Code provides guidance on making environmental claims that are truthful, clear, and substantiated. | Competition and Markets Authority (CMA); Advertising Standards Authority (ASA). |
| United States | FTC Green Guides | Provides non-binding guidance on environmental marketing claims, advising on deceptive practices; emphasizes substantiation, clarity, and avoiding vagueness. | Federal Trade Commission (FTC); State Attorneys General. |
| France | AGEC Law; Climate and Resilience Law | Regulates general and recycling-related claims, including prohibitions on terms like "biodegradable" and "environmentally friendly" without proper justification; regulates carbon neutrality claims requiring detailed reporting. | Directorate General for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF). |
| Australia | Competition Act 2010 | Protects consumers from misleading or deceptive conduct, including false or misleading representations about the environmental benefits of goods or services. | Australian Competition and Consumer Commission (ACCC). |

**Table 3: Examples of Penalties for Greenwashing**

| **Company** | **Industry** | **Misleading Claim** | **Penalty (Amount/Type)** | **Regulator/Court** | **Year** |
| --- | --- | --- | --- | --- | --- |
| Volkswagen | Automotive | Falsifying vehicle emissions data | Over $30 billion in fines and settlements | Multiple regulatory bodies globally | 2017-2020 |
| Toyota | Automotive | Delayed reporting of emissions defects | $180 million fine | US Justice Department | 2021 |
| Keurig Canada | Consumer Goods | Misleading claims about coffee pod recyclability | $3 million fine | Competition Bureau of Canada | 2022 |
| DWS | Finance | Marketing ESG funds as "greener" than they were | $25 million settlement | US Securities and Exchange Commission (SEC) | 2023 |
| Eni | Energy | Claiming palm oil diesel was "green" | €5 million fine | Italian regulators | 2022 |
| Flixbus | Transportation | Misleading environmental claims on website | Fine (amount not specified) | German Federal Court of Justice (initiated by Belgian Economic Inspectorate) | 2025 |

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