Greenwashing Indicators

The Canadian environmental marketing agency TerraChoice established The Seven Sins of Greenwashing, a useful tool for evaluating supposedly green products and their claims:

- **The sin of hidden compensation**. It involves suggesting that a product is green based on certain attributes without paying attention to other environmental issues. It attempts to suggest that a particular product is green by emphasising one or more environmental attributes of the product while hiding other important negative characteristics of the product. These are not false claims, but are intended to create a "greener" image than a more thorough analysis would support.
- **The sin of not having evidence**. When a company uses an environmental claim that cannot be substantiated by readily available information or reliable third-party endorsement.
- **The sin of vagueness**. This is committed when claims are vague, general or abstract, so that they can be confused by consumers.
- **The sin of irrelevance**. When an entity uses an environmental claim that, while truthful, is useless or insignificant to consumers looking for environmentally preferable products. For example, when a product advertises as a benefit that it does not contain a toxic material that has previously been banned by law.
- **The sin of the lesser of two evils**. This refers to claims that may be truthful within the product category, but may distract the consumer from a greater environmental or health impact of the product category. For example, organic cigarettes.
- **The sin of lying**. This refers to the use of false environmental claims.
- **The sin of false labelling**. This is committed by exploiting consumer demand for third-party approval through false labels or claims.

On the other hand, in order to determine the different forms of this phenomenon, Lyon and Montgomery established a list of the different varieties of greenwashing:

- **Selective disclosure**: companies with high levels of emissions or other types of pollution, submit a greater number of environmental disclosure reports. The information provided is often biased (self-selected information, omitting negative aspects and showing only positive ones), has inconsistencies, or claims are made regarding the impact of an index (through self-serving interpretation of the chosen metrics).
- **Empty green claims and policies**: Companies often make claims, promises or policies that they do not keep. In economic parlance, these statements can be considered "cheap talk" and are only expected to be convincing to stakeholders.

Companies with poor environmental reputations can improve their image by publicly expressing their commitment to the environment, even if these promises are then not kept, are only half-fulfilled, or are only made because they are legally obliged to do so. For example, in relation to future sustainability commitments (such as zero emissions): lack of factual evidence. Or making irrelevant promises about migrating to environmentally responsible sustainable activities or to the environment and nature in general

- **Use of certifications and labels**: Although certification through external audits may seem to be a solution to greenwashing, they are not immune to the phenomenon. For example, with ISO 140001, one of the best known, it has been shown that it does not have a measurable to endorse a product or conduct, when companies are simply complying with the law.
- **Support/partnerships with co-opted NGOs**: mention their participation in aid, training or environmental programmes and projects, as well as specific figures for donations made or financing sustainable activities that are unrelated to the company's activity. It is worth noting that theoretical studies on greenwashing have also documented the disparity of opinions among environmental NGOs on when such partnerships are legitimate and when they constitute greenwashing.
- **Misleading discourses and narratives**: situations where on the one hand a company claims to be committed to an environmental issue, but on the other hand is contributing negatively to society or the natural environment. There are also situations such as: belonging to a company that is intrinsically unsustainable but promoting sustainable practices or products that are not representative of either the company or society. Promoting a certain product as "green" or environmentally friendly when the core business activity is not truly sustainable. Another practice is to take advantage of sustainability reports to misrepresent the truth or project a positive image in terms of corporate CSR practices.

Other greenwashing practices include:

- **Obeying the law**: establishing as environmental achievements by the company on a voluntary basis those actions that are actually required by law. Proclaiming sustainability achievements or commitments that are already required by law or regulations. Advertise inherent attributes of a product, implying that it is a voluntary environmental improvement, when this is not the case, but corresponds to compliance with a mandatory norm or standard.
- **Claiming**, without demonstrating it, that they are on track to meet the Sustainable Development Goals (example: an oil company contradicts its commitments to SDGs six, seven, eight, eleven, thirteen, fourteen, fifteen, as its core business does not allow it).
- **Deep greenwashing**: promoting the belief that technology and the green economy are sufficient to fight climate change.

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