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Greenwashing guidelines: How govt is tackling companies making dubious climate-friendly claims about products

Companies often make dubious claims about their products or services being environment- or climate-friendly. The government has now issued specific guidelines to restrain such false or misleading claims

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New Delhi | Updated: October 16, 2024 09:44 IST

 NewsGuard 6 min read

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Extinction Rebellion (XR) greenwash march in Glasgow. (Wikimedia Commons/Stay Grounded)

Seeking to restrain companies from making false or misleading claims about the environment-friendly nature of their products or services, the Centre on Wednesday released new guidelines that make it mandatory for companies to substantiate their claims with scientific evidence.

The Guidelines for Prevention and Regulation of Greenwashing or Misleading Environment Claims were issued by the Central Consumer Protection Authority (CCPA) which works under the Consumer Affairs Ministry. The move is part of the government's crackdown on misleading advertisements. The new norms would complement the existing Guidelines for Prevention of Misleading Advertisements and Endorsement for Misleading Advertisements, framed in 2022, which deal with false or exaggerated claims in advertisements in general.

What is greenwashing?

Although greenwashing as a term has been used in the limited context of advertising in these guidelines, it has a much broader scope. Greenwashing refers to the growing tendency of companies, organisations or even countries to make

dubious or unverifiable claims about their activities, products or services being environment-friendly or climate-friendly. Due to heightened sensitivity to climate change, there is rising pressure on corporations and governments to carry out activities in a way that causes the least damage to the environment. Many of them also have legal commitments, or targets, to adhere to in this regard.

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As a result, companies and governments often make claims that are exaggerated, misleading, or, in some cases, wrong. The 2015 Volkswagen scandal, in which the German car company was found to have been cheating in emissions testing of its supposedly green diesel vehicles, is one of the headline-grabbing examples of greenwashing. Several other big corporations, including Shell, BP, and Coca Cola have faced accusations of greenwashing.

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Countries too, are sometimes accused of greenwashing, for example, when they exaggerate their forests' potential to absorb carbon dioxide, and the impact of a new regulation on carbon emissions. Carbon trading mechanisms, an otherwise legitimate exercise, often come under scrutiny because the processes followed in the generation of credits for trade might not be scientifically robust. Similarly, carbon offset practices, in which a carbon-intensive activity such as air travel is sought to be compensated with another activity like planting a certain number of trees, offer ample scope for greenwashing.

Sometimes companies do make genuine mistakes — overestimating the impact of their environment-friendly projects. However, very often they lie, or mislead, and these constitute the more serious cases of greenwashing.

Such unfair practices have become widespread enough that United Nations Secretary-General António Guterres had to call for a zero-tolerance policy for greenwashing a couple of years ago. The UN had also constituted a high-level expert group to suggest measures to curb greenwashing by non-state entities such as corporations, financial institutions, cities or regions that have net-zero commitments to meet.

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The expert group gave several recommendations, including that corporations pursuing net-zero targets must not be allowed to make fresh investments in fossil fuels. It also suggested that corporations must be asked to present short-term emission reduction goals on the path to achieving net-zero, and must bring an end to all activities that lead to deforestation. In addition, the corporations were advised not to use offset mechanisms at the start of their journey to net-zero status.

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What are the advertising guidelines for preventing greenwashing?

The mandate of CCPA is to protect consumer interest and therefore, its guidelines are limited to curbing greenwashing in advertisements of products or services. They define greenwashing as “any deceptive or misleading practice” that conceals, omits or hides relevant information, or exaggerates, or makes vague or unsubstantiated environmental claims about the product or service. Use of misleading words, symbols or imagery, emphasizing positive environmental attributes while downplaying or concealing negative aspects would constitute greenwashing, according to the guidelines.

However, they allow the use of “obvious hyperboles” or “puffery”, which is central to the advertising business, if these do not amount to deception or misleading practice.

If a company, for example, makes the statement that its growth is based on “sustainable principles”, it would not be treated as a misleading environmental claim for the purposes of these guidelines. But if the company claims that all its

products are manufactured sustainably, then it would be examined for greenwashing, the guidelines said.

Thus, generic terms like “clean”, “green”, “eco-friendly”, “good for planet”, “free”, “carbon neutral”, “natural”, “organic”, “sustainable”, or similar other descriptions for a product would be allowed only if the company is able to substantiate these with evidence. The company will also have to use “adequate and accurate” qualifiers and disclosures while advertising such descriptions.

When more technical terms such as “environment impact assessment”, “greenhouse gas emissions”, or “ecological footprint”, are used to advertise a product or service, the companies would be mandated to explain their meaning and implications in a “consumer-friendly” language.

“Specific environmental claims such as compostable, degradable, free-of, sustainability claims, non-toxic, 100 per cent natural, recyclable, refillable, renewable, plastics-free, plastic-positive, climate-positive, net-zero and similar claims must be supported by disclosure about credible certification, reliable scientific evidence, internal verifiable evidence, certificates from statutory or independent third-party verification,” the guidelines say.

The guidelines will apply to all environmental claims made by manufacturers, service providers or traders whose goods, products or services is the subject of an advertisement, or to an advertising agency or endorser whose service is availed for the advertisement of such goods, products or services.

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“No person to whom these guidelines apply shall engage in greenwashing and misleading environmental claims,” the guidelines said.

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The government began drafting these guidelines in November 2023 when it formed a committee. The committee held three meetings and submitted a draft earlier this year. The government released the draft guidelines, seeking public comments, after which it released the final guidelines.

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First uploaded on: 16-10-2024 at 09:43 IST