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Deceptions of Corporate Greenwashing: A Blow to Sustainability

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ABSTRACT

Environmental consciousness has developed in society, particularly among consumers, who want to be a part of a culture that values an environmentally responsible lifestyle. Choosing products because they say natural or eco-friendly on the label means one has fallen for the trap of corporate greenwashing. In modern times, this has evolved as a way for businesses to differentiate themselves and make their brands appear clean and green. It means that the corporation advertises its products as environmentally friendly in order to match with the present societal thinking, even though they are not. They reveal only their positive environmental actions while hiding their bad ones, thus spreading misinformation. Over the last decade, stakeholders have increased pressure on corporations to publish information about their environmental performance and offer environmentally friendly products. Accusations of greenwashing have been made against well-known corporations like Nestle and Unilever, exposing the discrepancy between corporate rhetoric and real environmental effects. In order to reveal greenwashing, activists have created creative strategies, such as classifying various “corporate sins” and rating examples online. These initiatives seek to encourage true environmental responsibility and hold

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businesses accountable. This research paper examines the various corporate sins with the help of real life examples and analyses the existing framework for holding such corporations liable. The approach used in the paper is both descriptive and analytical. It uses secondary data from a variety of sources, such as scholarly journals, books, periodicals, websites, national and international reports, and pertinent literature from the field.

Introduction

The business culture of today is heavily influenced by social responsibility, environmental concerns, and economic stability. Today, around 80 percent of Fortune 500 and S&P 500 corporations publish a corporate social responsibility (CSR) report, according to EPA studies. Addressing sustainability not only ensures corporate integrity, but also helps firms overcome inefficiencies and produce better goods and services. The concept of corporate sustainability has evolved as a guiding principle for organizations across industries as they implement innovative methods to achieve their objectives. Understanding that its activities can have a significant impact on the world, a sustainable corporation seeks to reduce negative effects while actively promoting positive social change and ongoing business expansion.¹

In recent years, corporations have increasingly engaged in practices that sustain environmentally detrimental operations under the pretext of environmental responsibility. The phenomenon known as “greenwashing” has numerous detrimental impacts on society, the environment, and government. Corporate actions usually conceal their environmental impact due to misleading communication and advertising strategies, raising doubts about the veracity and integrity of sustainability claims. In addition to aggravating ecological concerns, greenwashing perpetuates a fictitious sense of corporate responsibility, which may postpone actual environmental problems and prevent the implementation of sustainable practices. Businesses that mislead consumers about their sustainability initiatives are engaging in a practice known as “greenwashing,” which can breed mistrust and raise ethical concerns about corporate accountability and consumer rights.²

Greenwashing is the practice of making a company, product, or activity appear more ecologically friendly than it is. Greenwashing assertions frequently (but not always) fall under consumer protection regulations, which generally ban commercial claims that have the potential to mislead customers. These rules frequently prohibit not

just plain falsehoods, but also - and most importantly - factually true claims that have the potential to mislead owing to omitted context or overemphasis on one fact over another. These laws understand that often the easiest way to lie is to tell only a portion of the truth. Greenwashing is a deceptive tactic in which organizations give the idea that their products, services, or general operations are environmentally friendly.³

Meaning

The term is a combination of “green,” which denotes advantages to the environment, and “whitewashing,” which means to hide wrongdoing. Greenwashing is the practice of spreading “green lies” to trick customers into thinking a business is more environmentally conscious than it actually is.⁴

Greenwashing is a substantial barrier to addressing climate change. Greenwashing promotes false solutions to the climate catastrophe by tricking the public into believing that a firm or other entity is doing more to protect the environment than it actually is. This distracts from and delays concrete and credible action. Emissions must be cut in half by 2030 and to net zero by 2050 in order to slow down climate change and maintain a habitable planet. A growing number of businesses have committed to lowering their greenhouse gas emissions to net zero since the 2015 Paris Agreement was adopted; any leftover emissions would then be absorbed by forests, the ocean, or other “carbon sinks.” Credible attempts to cut emissions and address the climate catastrophe are undermined by greenwashing. Greenwashing undermines the trust, ambition, and action required to ensure a sustainable planet and effect global change by misleading customers, investors, and the general public with misleading marketing and sustainability promises.⁵

While the more general symbolic aspects of corporate environmentalism are growing more widespread, the less complex forms of greenwashing may be dwindling as a result of heightened stakeholder vigilance and the flattening of information symmetries brought about by new data and monitoring technologies. Activists have started using creative strategies to uncover greenwash, such rating and publicizing instances of it or grouping it under various “corporate sins.”⁶

The term “symbolic corporate environmentalism” refers to the common interpretations and depictions of organizational managers’ environmental change initiatives. Every company’s environmental

practice includes both tangible and intangible elements. The latter—the dynamic, relational, shared, and frequently potent symbolic connotations around the environmental practices—is what symbolic corporate environmentalism refers to. Certain corporate environmental initiatives merely have a symbolic impact; they are not associated with better material performance. Symbolic corporate environmentalism of this kind is “just symbolic.” The special scenario of intentional, “merely symbolic” messaging to produce symbolic advantages from a ceremonial façade of behaviors is typically the only instance of greenwashing that is included in current research definitions.⁷

Seven Sins of Greenwashing

Terra Choice’s environmental specialists have produced a thorough list of sorts of greenwashing, nicknamed the ‘seven sins of greenwashing’, to serve as a guide for consumers in examining the green claims of fashion businesses.⁸

- 1. Sin of the Hidden Trade-off:** A claim that a product is green based on a limited set of features, without regard for other major environmental challenges. Companies make claims like ‘recyclable’, ‘compositable’, to cover up the destructive nature of products. Even when anything can be recycled, the environmental costs of unethical working conditions, high emissions and solid waste creation, resource overexploitation, or excessive resource use are frequently overlooked.
- 2. Sin of No Proof:** when an environmental claim made by a company cannot be supported by freely accessible supporting documentation or a credible third-party certification. Common instances include tissue goods that claim various percentages of post-consumer recycled content without offering any substantiation.
- 3. Sin of Vagueness:** a statement that is so vague or inadequately defined that the consumer is likely to misinterpret its true meaning. All-natural is an example. Mercury, formaldehyde, uranium, and arsenic are all naturally occurring and toxic substances. All natural does not necessarily mean green.
- 4. Sin of Irrelevance:** This occurs when a firm advertises an environmental claim that is technically correct but not relevant to the product. The most common example is the claim “CFC-free.” CFC’s have been banned under Montreal Protocol since

2010. The claim “CFC-Free” misleads people who are unaware of current environmental legislation or production standards into believing that the company is ecologically sensitive.

5. **Sin of Lesser of Two Evils:** Within the product category, this claim might be accurate, but it runs the danger of diverting the consumer’s attention from the category’s overall larger environmental effects. This sin could include using organic cigarettes or driving a fuel-efficient sport utility vehicle. No matter how green the fuel, the car will still emit a significant amount of greenhouse gasses.
6. **Sin of Fibbing:** Many businesses get away with statements or branding that are simply false. Claims that autos produce zero carbon dioxide into the atmosphere are one example of this.
7. **Sin of Worshiping False Labels:** A product that, by words or visuals, conveys the impression of third-party endorsement when none exists; in other words, fake labels. For instance, companies make use of photos of trees or make their labels green, or write the word “eco” on their labels but do not change the product’s substance, many people assume that the products are environmentally friendly.⁹

Examples of Greenwashing

Greenwashing appears to be a long-term tendency. Companies are continuously devising innovative ways to deceive us. It could include deceptive marketing tactics, thoughtless public relations stunts, or just altering the packaging of an old product while continuing to employ unsustainable components or processes.

1. **Fast fashion Industry:** Fast Fashion means latest styles and trends at affordable rates. This has become increasingly popular as people. According to a recent survey, 60% of European fashion firms’ sustainability claims are “unsubstantiated” or “misleading.” As a result, consumers are becoming increasingly confused about what is and is not sustainable.¹⁰ Fast fashion brands such as Zara, Uniqlo, SHEIN, H&M, etc. offers stylish clothing at affordable costs, making it a popular choice amongst people. H&M’s ‘Conscious Collection’ of the company claimed to be eco-friendly and sustainable. But this collection is a very small part as compared to their total products. They did not provide sufficient information about these claims. Also frequently

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using the color green also created a mask of deception. It also undermines the use of resources and energy required to recycle discarded clothes and the impact it has on environment.¹¹

- 2. Food Industry:** Major brands like McDonald, Coca-cola, Starbucks have faced the fire of corporate greenwashing. Despite their claims of being eco-friendly and reducing plastic pollution, their practices were seen are mere facades to cover up the actual issue. The method of introducing paper straws by McDonald,¹² open claim to continue the use of plastic bottles by Coca-Cola citing it popularity amongst the public and in retaliation against increased tariff rates on aluminum¹³, releasing of straw-less lid by Starbucks which contained more plastic than their previous lid¹⁴, are some such examples. Major corporate brands insist on using disposable products and trick their consumers into thinking that these products are recyclable and making claims about sustainability of the products, when in reality they are the major contributors to the crisis of plastic pollution.
- 3. Wood Industry:** IKEA is considered as fast fashion of the furniture industry. It was accused of using illegally felled trees and the wood certification scheme used by IKEA is the organization responsible for greenwashing the timber industry¹⁵ providing certification to illegally wood that was harvested unsustainably.
- 4. Motor Vehicle Industry:** Volkswagen, in order to campaign for their vehicles to be low emissions and eco-friendly, had its cars fitted with a defect device that would sense emission tests and suitably altered the vehicle's performance to fall within the required emission range.¹⁶ When in reality the cars were producing the pollutants far above the permissible limits.

Existing Framework

Greenwashing is a major issue. First of all, it deceives buyers who base their decisions on purportedly beneficial environmental effects. This deception undermines the legitimacy of real sustainable projects and damages customer trust. Second, because it discredits valid efforts to mitigate environmental issues, greenwashing has serious ecological repercussions. Furthermore, it creates ethical dilemmas by allowing businesses to use sustainability to further their own agendas.¹⁷

In the era of corporate social responsibility (CSR), businesses

understand that they can't focus solely on shareholder value, investment return, and profit. Organizations now need to have a strong social and environmental performance, also known as the "triple-bottom line".¹⁸ This is where the concept of ESG emerged. It is a system known as Environmental, Social, and Governance (ESG) that evaluates a business's ethical and sustainable performance. It evaluates the non-financial performance of a business and is utilized by investors to check the company's sustainability initiatives and its potential long-term performance. In the circular¹⁹ issued by The Securities and Exchange Board of India in 2022, it introduced the concept of green debt securities and defined the term greenwashing. Businesses are keen to portray themselves as socially and ecologically concerned as investors and customers recognize the value of sustainability, however this increased emphasis on ESG has also resulted in an increase in "Green Washing." It has grown into a major problem in India as corporations try harder to establish themselves as sustainable and ethical.²⁰

The main problem with corporate Green Washing in ESG in India is that there aren't any particular laws that control how businesses exploit sustainability or environmental claims. It operates under Section 135 of the Companies Act 2013's definition of Corporate Social Responsibility, and as a result, it is impacted by the legislative and administrative framework's flaws.

Additionally, the present regulatory framework incorporates the punitive provisions found in Section 17 of the Consumer Protection Act, 2019, which defines deceptive or fraudulent advertising as a "Unfair Trade Practice" and offers customers protection and compensation.²¹

The Advertising Standards Council of India ("ASCI") Code (established in 1985) also laid down rules for advertising, which prohibit deceptive advertising and mandate that commercials be honest, truthful, and non-deceptive. The Consumer Complaints Council of ASCI investigates such complaints while offering remedies to the advertiser.

Moreover, the Environmental Protection Act of 1986 stipulates corporate liability under Section 16 and imposes fines for violations under Section 15 in order to protect and develop the environment.

Bureau of Indian Standards (BIS) Certification is for the giving certification to the products that claim to be environmentally friendly, thus giving them credibility. BIS establishes standards for product quality, safety, and environmental effect. Companies who show eco-

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friendly labels without adhering to BIS guidelines risk facing legal action, emphasizing the importance of transparent statements.

On October 15, 2024, the Central Consumer Protection Authority (CCPA) announced the Guidelines for the Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024 (Guidelines). The Guidelines were created to guarantee that environmental statements in marketing are appropriate and do not mislead customers or constitute greenwashing. The CCPA defines advertisements as any publicity, representation, endorsement, or pronouncement given in audio or visual form across any medium. As a result, the Guidelines would apply to any text issued by a corporation regarding a product or service, such as marketing materials, press releases, and so on.²²

These initiatives in India aim to promote transparency and accountability in environmental claims made by companies and to promote genuine sustainability efforts. Consumers can look for eco-labels and green certifications as a way to identify products and companies that are genuinely environmentally responsible. These have also helped in cracking down many controversial cases related to greenwashing such as that of Maggie Noodles²³ Godrej's claim of chemical-free mosquito repellent fast card, Hindustan Unilever Limited's Surf Excel detergent being 100% natural, Bharat Petroleum's commercial claiming "Go Green With Speed For IT Reduces Emissions" was banned by ASCI owing to unsupported environmental claims.²⁴

Suggestions

Greenwashing is a growing legal concern in several jurisdictions, with a shared commitment to protecting consumers from misleading environmental claims. Specific legislation addressing 'greenwashing' can help restrict the practice, but they are not a complete solution. Greenblushing is a concept that is contrary to greenwashing. It means when a corporation understates its environmental or sustainability performance out of the fear of being accused of Greenwashing or a desire not to appear arrogant. Greenblushing, while well-intentioned, can lead to wasted opportunities to highlight a company's sustainability achievements and contribute to the movement.²⁵ The researcher highlights certain suggestions that could be useful in countering greenwashing attempts of the corporations from the consumers perspective and corporations' perspective.

As a consumer, one must be aware about the existing greenwashing

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practices and exercise due diligence in verifying the claims made by the companies for their products. One must not simply fall prey to false claims under the pretext of being environmentally conscious. Proper research must be conducted, considering the availability of internet and the rights to information regarding the details of products, and then the products should be chosen wisely. It is essential to focus only on the claims but the background and the future lifecycle of the product in determining its environmental sustainability. One must always look for companies and products that can provide for data to back their claims and ask questions whenever a consumer is not satisfied, thus solidifying the concept of conscious consumerism.

As per the corporations and business, they must be honest and transparent with their data, their claims. They must present only those facts that can be substantiated and scientifically verified. Proper experiments must be conducted to determine the sustainability and the impact of their products on the environment. Corporations must focus on being truthful about their carbon-emissions, and must present a true figure in front of the stakeholders, while setting these, they must ensure that their policies are aligned with sustainable development goals and focus on energy efficiency rather than only on profits at the nature's expense. Steps should be taken to make realistic goals and following them up timely. They must be prepared to take full accountability for their claims whenever in question. Environmental practices should not only include donations and sponsorships but also in establishing sustainability at the core of business.

Conclusion

Corporate greenwashing, which is the dishonest practice of portraying a business as more ecologically conscious than it actually is, deceives stakeholders and undercuts sincere CSR initiatives. The specter of greenwashing liability, which was formerly a somewhat niche concern, is growing as more brands strive to portray themselves as environmentally benign and lawyers (and the general public) become aware that not everything that appears green is what it seems. Case studies of businesses such as Nestle, Unilever, and H&M provide light on greenwashing tactics and how they affect consumer choices. This issue affects company credibility and is common in a variety of industries. For improving corporate accountability, a hybrid strategy that combines voluntary standards and regulatory actions is suggested. Clear and defined rules are needed to identify "green" or "sustainable" products and practices. Guidelines should be produced in an open

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and inclusive process, including participation from stakeholders including consumer groups, environmental organizations, and industry representatives. To counteract Greenwashing in true sense, legal remedies should be combined with education and awareness initiatives, industry standards and certifications, and enhanced company transparency and accountability. A multi-stakeholder approach can effectively combat Greenwashing and promote sustainable practices across industries.

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