GRMI | GLOBAL RISK MANAGEMENT INSTITUTE

Greenwashing| Shuvam Tripathy& Chendra Haasa | PGDRM Batch 10

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Greenwashing

Greenwashing is the process of conveying a false impression or providing misleading information about how a company's products are more environmentally sound. Greenwashing is considered an unsubstantiated claim to deceive consumers into believing that a company's products are environmentally friendly.

For example, companies involved in greenwashing behavior might make claims that their products are from recycled materials or have energy-saving benefits. Although some of the environmental claims might be partly true, companies engaged in greenwashing typically exaggerate their claims or the benefits in an attempt to mislead consumers.

Types Of Greenwashing

1. Environmental Imageries

Using symbols/visuals of leaves, animals, green packaging, etc are all ways of classic greenwashing. In reality, eco-friendly products generally use simpler images and plain packaging.

2. Misleading labels

Various products are labelled as “Certified”, “100% organic”, etc. without any supportive evidence to prove the same. There is a good chance that these labels are self-made and self-declared.

3. Hidden trade-offs

Corporations can put up an act of being environmentally friendly and sustainable but have a very non-environmental friendly trade-off. An example is when apparel companies use “natural” or “recycled” materials while the clothing is actually developed through exploitative conditions. Genuine companies would definitely provide more information about their energy, water conditions, greenhouse gas emissions, etc while manufacturing the product.

4. Irrelevant Claims

Often, we might come across labels that say they are **free of certain chemicals**. The substance might actually be banned by the law and is not required to advertise as going green. In addition, we might have also come across labels that say, “not tested on animals”. This becomes irrelevant in places like China where testing on animals is required by law.

5. Lesser of two evils

when the company’s claim is true within the product category, but a greater risk or environmental damage. An example is a company selling organic cigarettes.

Make sure when your own company or startup is planning on green initiatives, it has to be certified and backed up with all the necessary details. You definitely do not want to risk your company’s reputation.

Importance Of Addressing Greenwashing

Although greenwashing has been for many years, the process has increased at an alarming rate in recent years. This is due to growing customer demand for green products.

Being a consumer in search for quality products, you should be careful about the “Green Lies” that are sold in the name of “Green Goods”. The cost for natural or organic labelled product is higher than those without such labels hoping that the companies are truthful.

Critics agree that greenwashing is, in fact, dangerous to public health as well as environment. In 2008, the Malaysia Palm Oil Council had a TV commercial which claimed itself as quite eco-friendly. However, critics soon identified out that palm oil plantations are closely linked to rainforest species extinction, habitat loss, pollution, and other effects. The ad was then identified as a violation of advertising standards.

And with the buzz about greenwashing so common, corporates have to be careful of presenting baseless claims of being environmentally sound. It only takes one complaint to the Advertising Standard Authority (ASA) to conduct an investigation against your company’s claims.

Hence, Greenwashing thus takes a toll on everyone who is involved. Customers are induced into buying products which they believe those are environmentally friendly but are actually not. Once exposed, the offending businesses suffer from lower consumer interest.


Enduring Value
I'm the first
Lynn Mathew
Let me find my true potential,
because when I do,
the world will know me
by my name. They'll say,
"That's Lynn Mathew,
she's one of a kind!"
OCTANE
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Our Classmate range of products include: NOTEBOOKS, Writing Instruments - PENS (ball, gel and roller), PENCILS (mechanical and wood-cased), MATHEMATICAL DRAWING INSTRUMENTS, ERASERS, SHARPENERS and ART STATIONERY (wax crayons, colour pencils, sketch pens and oil pastels).
*Survey conducted by IMRB in April, 2014
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ITC is helping some of them realise this dream
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Exercise Book
320 Pages
(Total Pages Include Index & Printed Information)
Size : 29.7 x 21 cm
Inclusive of all taxes
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Type of Ruling :
Single Line


we plant
goodness
Every time you buy from us, we plant more trees!


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How to spot Greenwashing

Examine. See what they are portraying to be green. Is it the product, the packaging or the whole package?

Ask. Search for evidence. Does their website explain? If not, directly contact them and ask. If they don't respond or dance around your questions, you may have found greenwashing.

Research. Make a research to see if they're making irrelevant claims such as being CFC-free.
Life-cycle assessment (LCA) of the product helps in identifying true green product.

Look. Look for authentications and seals from governing authorities. You may have to research the parties if you're not familiar with them.
Ignore. Ignore the green imagery and other green marketing tactics. Get to the facts, labels, and specs.

Trust. Your instincts will alert you of red flags and other signs that are not quite right.

Companies accused of green washing

BP

Fossil fuel giant British Petroleum changed their name to Beyond Petroleum and publicly added solar panels on their gas stations. In December 2019, an environmental group called ClientEarth lodged a complaint against BP for misleading the public with its advertisements which focused on BP's low-carbon energy products, where almost 96% of its annual spend is on oil and natural gas extractions.

Coca-Cola

In the annual report by Break Free From Plastic, Coca-Cola was ranked as the world's number 1 plastic polluter, for the second consecutive year at the top. In 2020, the company was under controversy when it announced that it would not abandon plastic bottles, saying that they were popular with customers.

Despite this, the company is adamant that it is making progress in tackling packaging waste. At the time, a spokesperson said, "Globally, we have a commitment to get every bottle back by 2030, so that none of it ends up as litter or in the oceans, and the plastic can be recycled into new bottles. Bottles with 100% recycled plastic are now available in 18 markets around the world, and this is continually growing."

Then, in June 2021, environmental organisation Earth Island Institute filed a lawsuit against the beverage giant for its misleading advertisement that it is sustainable and eco-friendly despite being the largest plastic polluter in the world.

Creating a World Without Waste

The interconnected global challenges of packaging waste and climate change have made this a focus for our business and we are taking a hard look at the packaging we use and how we can drive change.

EXPLORE OUR WORLD WITHOUT WASTE GOALS AND PROGRESS

Scroll

Fast Fashion Brands

H&M, Zara and Uniqlo are among the companies that were accused of greenwashing over the years. These fashion brands contribute to the massive amounts of textile waste caused by the clothing industry. According to the fashion nonprofit rename, 80% of discarded textiles globally are incinerated or landfill-bound, with just 20% being reused or recycled.

Fast fashion brands also have a habit of advertising its green initiatives widely, despite it being a tiny part of its operations. For example, in 2019, H&M launched its own line of “green” clothing titled “Consious.” The company claims to use “organic” cotton and recycled polyester. However, in reality it is nothing but a marketing tactic used to make themselves appear more eco-friendly. When looking at H&M’s “Conscious” line, its mission states: “Shop our selection of sustainable fashion pieces that make you both look and feel good.” However, there is no single legal definition for marketing-friendly words such as “sustainable,” “green,” or “environmentally-friendly.” H&M was then criticised by the Norweigian Customer Authority for “misleading” marketing of their Conscious Collection because “the information given regarding sustainability was not sufficient, especially given that the Conscious Collection is advertised as a collection with environmental benefits.”

Volkswagen

Volkswagen launched an ad campaign to debunk the fact that diesel was bad and that it used a technology where it emit fewer pollutants.

Later, the truth was revealed that Volkswagen rigged 11 millions of diesel cars with “defeat devices,” or technology designed to cheat emissions tests and that the vehicles emitted pollutants at levels up to 40 times the U.S. limit.

The federal agencies made the company to pay $14.7 billion to settle the allegations of cheating emissions tests and deceptive advertising.

Nestlé

In 2018, Nestle released a statement that it had “ambitions” for its packaging to be 100% recyclable or reusable by 2025. However, environmental groups and other critics pointed out that the company hadn’t released clear targets, a timeline to accompany its ambitions or additional efforts to help facilitate recycling by consumers. Greenpeace reacted to this by releasing its own statement, in which it said, “Nestlé’s statement on plastic packaging includes more of the same greenwashing baby steps to tackle a crisis it helped to create. It will not actually move the needle toward the reduction of single-use plastics in a meaningful way, and sets an incredibly low standard as the largest food and beverage company in the world.” In Break Free from plastic’s 2020 annual report, Nestlé, along with Coca-Cola and PepsiCo, were named the world’s top plastic polluters for the third year in a row.

Greenwashing or measurable results?

The issue of greenwashing has not been adequately addressed by the existing regulatory framework. There are no specific globally applicable standards for preventing and curbing greenwashing practices. In the absence of any such regulations, the practice of greenwashing is growing exponentially and this trend if continued will gradually undermine the trust of consumers and cause them to become distrustful and suspicious about any green advertisement broadcasted by companies

Credibility and trust in sustainability reporting

With the significance of sustainability issues at the global level, companies in India are also getting ready to embrace reporting on sustainability to enhance competitiveness. The reporting scenario in India is still in the nascent stage with nearly 47 companies disclosing their sustainability performance. Out of 8,691 reports only a handful of 122 reports are published by Indian companies. **TATA (Automotive)** is pioneer in sustainability reporting in India. It has started reporting their sustainability performance from year 2001 based on GRI guidelines. Since then, reporting in India has been done primarily on voluntary basis. The companies with GRI based sustainability reports in India have benefited to a great extent

LG India has excelled in making electronic gadgets that are eco-friendly. Recently, it has launched a LED E60 and E90 series monitor for the Indian market. Its USP is that it consumes 40% less energy than conventional LED monitors. Also, they hardly used halogen or mercury, trying to keep down the use of hazardous materials in their products.

Drivers of Sustainability Reporting

There are various drivers behind the increase in dialogue, discussion and publication of sustainability reports. Some of them are-

- Stakeholder exert pressure for SR because of their organization's participation in global supply chain.
- Brand and reputation of corporate sector in India and at international level is the another significant driver behind SR by corporates.
- Role of Governments/Regulators in pushing SR to make corporates more responsible.
- Facing competition worldwide is also the reason to accept the SR.

Sustainability Reporting -Benefits

The benefits of sustainability reporting include:

- Improved financial performance
- Improved customer relationships
- Improved risk management
- Improved investor relationships
- Identification of new markets and/or business opportunities

Sustainability Reporting –A Voluntary Exercise

In most parts of the world, SR remains a voluntary practice. So far, France is the only country to enact specific legislation requiring publicly listed companies to produce non-financial reports covering economic, social as well as environmental dimensions. Some large organizations in some countries are subject to specific regulation that requires them to report some kind of sustainability information – for example certain public-sector organizations in the United Kingdom. Various other countries mandate detailed reporting for specific industry sectors. Additionally, some stock exchanges like the South African Stock Exchange now make SR a requirement for listed companies. (K. C. Chakrabarty, Deputy Governor, RBI www.rbi.org,). In India too it is not mandatory but voluntary to report on Sustainability.

Hence, The Securities and Exchange Board of India (SEBI) stipulates that the disclosure must be made through a new format, namely the Business Responsibility and Sustainability Report (BRSR). BRSR reporting has been made voluntary for FY 2021-22 but **will be mandatory from FY 2022-23**.

Conclusion

The progress of sustainability reporting in India is slow, but a significant and sound start has been made. As far as benefits and progress through SR is concerned there are many areas which are supported through it and initiatives taken by Companies. **Need is that The future of sustainability reporting should not just about traditional row and column reports, it's about new ways of communicating information to make sustainability information more transparent.**

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Thank you!