

Greenwashing

Greenwashing is the process of conveying a false impression or misleading information about how a company's products are environmentally sound. Greenwashing involves making an unsubstantiated claim to deceive consumers into believing that a company's products are environmentally friendly or have a greater positive environmental impact than they actually do.

In addition, greenwashing may occur when a company attempts to emphasize sustainable aspects of a product to overshadow the company's involvement in environmentally damaging practices. Performed through the use of environmental imagery, misleading labels, and hiding tradeoffs, greenwashing is a play on the term "whitewashing," which means using false information to intentionally hide wrongdoing, error, or an unpleasant situation in an attempt to make it seem less bad than it is.

Key Takeaways

- Greenwashing is an attempt to capitalize on the growing demand for environmentally sound products.
- Greenwashing can convey a false impression that a company or its products are environmentally conscious or friendly.
- Critics have accused some companies of greenwashing to capitalize on the socially responsible or environmental, social, and governance (ESG) investing movement.
- Genuinely green products or businesses back up their claims with facts and details.

How Greenwashing Works

Also known as "green sheen," greenwashing is an attempt to capitalize on the growing demand for environmentally sound products, whether that means they are more natural, healthier, free of chemicals, recyclable, or less wasteful of natural resources.

The term originated in the 1960s, when the hotel industry devised one of the most blatant examples of greenwashing. They placed notices in hotel rooms asking guests to reuse their towels to save the environment. The hotels enjoyed the benefit of lower laundry costs.

More recently, some of the world's biggest carbon emitters, such as conventional energy companies, have attempted to rebrand themselves as champions of the environment. Products are greenwashed through a process of renaming, rebranding, or repackaging them. Greenwashed products might convey the idea that they're more natural, wholesome, or free of chemicals than competing brands¹.

How is the UN tackling greenwashing?

Since the adoption of the Paris Agreement in 2015, an increasing number of companies have pledged to reduce their greenhouse gas emissions to net zero - a level where any remaining emissions would be absorbed by forests, the ocean or other "carbon sinks." However, those claims are often based on questionable plans, including emissions offsetting and "insetting" – rather than actual emission cuts. As such, the transparency and integrity of such claims remain critically low and risk creating a failure to deliver urgent climate action.

In response to the rise in greenwashing in net-zero pledges, the Secretary-General established a High-Level Expert Group tasked with developing stronger and clearer standards for net-zero

¹ <https://www.investopedia.com/terms/g/greenwashing.asp>

emissions pledges by companies, financial institutions, cities and regions, and speed up their implementation. In its report “Integrity Matters,” the Expert Group outlined ten recommendations for credible, accountable net-zero pledges and detailed the necessary considerations for each stage towards achieving net zero and addressing the climate crisis. A checklist for companies to follow is available [here](#).