

# GREENWASHING

ECO-FRIENDLY

GREEN

Sustainable

# ESG

RESPONSIBLE

NATURAL

ORGANIC

ECO 100%



ENVIRONMENTALLY CONSCIOUS

ZERO WASTE

PLASTIC FREE

NON TOXIC



## Origin of the term: “Greenwashing”

Jay Westerveld, a well-known environmentalist, first used the phrase “greenwashing” in a 1986 essay. He alleged in the essay that the hotel business had misrepresented the reuse of towels as being part of a larger environmental strategy when, in reality, the practice was intended as a cost-cutting tactic.

## Greenwashing is prevalent in all business segments

For example, in the fast fashion brand segment over the years, H&M, Zara and Uniqlo are among the companies caught greenwashing.

Companies such as H&M, Zara, and Uniqlo have been detected greenwashing throughout the years. These fashion businesses contribute to the clothing industry’s vast volumes of textile waste.

According to the fashion non-profit ReMake,

**80%** of abandoned textiles are burnt or disposed of in landfills, with only 20% reused or recycled.

Despite accounting for a minor portion of their business, fast fashion brands frequently publicize their green initiatives prominently. For example, in 2019, H&M introduced its own “green” clothing line called “Conscious.” The manufacturer promises to use “organic” cotton and recycled polyester. However, the line is merely a marketing scheme to appear more environmentally conscious. H&M’s “Conscious” line’s mission states: “Shop our selection of sustainable fashion pieces that make you both look and feel good.” However, there is no single legal meaning for marketing-friendly terminologies such as “sustainable,” “green,” or “environmentally-friendly.”

Zara makes vague promises about sustainability: Zara operates 2259 stores in 96 countries in the world. Zara has released several eco-friendly collections throughout the years, including “Join Life”. By 2020, it pledged to stop using toxic chemicals to manufacture its clothing. Using organic cotton, recycled wool and Tencel isn’t enough to have a much lower environmental impact. The vast majority of Zara’s business activities continue to be damaging to the environment.

### Sources

1. From eco-friendly to eco-intelligent: <https://www.proquest.com/docview/736165378?pq-origsite=gscholar&fromopenview=true>

2. 10 Companies and Corporations Called Out For Greenwashing: <https://earth.org/greenwashing-companies-corporations/>

3. 6 Fashion Brands That Are Greenwashing: <https://www.panaprium.com/blogs/i/fashion-brands-greenwashing>



Buzzwords like these appear almost everywhere we look nowadays. With increasing pressure on companies around the globe to get their ESG affairs in order, and deliver their products and services to market in a way that causes the least amount of harm to the environment as possible, it’s no surprise we’re seeing these catchphrases more and more. Coupled with vast amounts of good research being conducted worldwide that confirms the growing insistence of consumers that the companies they buy from up their ESG game, treating the planet and its people with more care has become essential if these businesses want to keep their doors open. However, for an alarmingly long list of companies – most notably massive multinational corporations – the temptation to adopt the “let’s not, and say we did” approach to sustainability has proven too hard to resist.

## What is Greenwashing?

Simply put, greenwashing is a deceitful practice undertaken by business entities who claim to be conducting their affairs in an environmentally-friendly way, when in reality they aren’t. Instead of taking real, verifiable steps to reduce their impact on the environment, and the communities who live in it, they just say they are, in order to attract and retain the burgeoning numbers of consumers who are ‘voting with their dollars’ by only buying from ethical companies. According to Green America: “Building the green economy is about more than being informed about corporations – it’s about actually **supporting businesses that have adopted green practices, are growing the local economies, and pay suppliers fairly. Where you shop and what you buy when you do send a direct message. So vote with your dollar!**”



# Greenwashing practices to avoid

These are the greenwashing practices we think you should avoid most.



## Misleading ESG images

The most consumer weary example of greenwashing imagery is the abundance of photography, illustrations, symbols and green color to suggest a sustainable brand attitude in packaging and advertising, when in fact very little is being done by a brand to establish ESG practices. An example is the many bottled water brands that contribute to produce global plastic waste without participating in finding solutions to the environmental disaster.



## Misleading ESG claims

Brands are greenwashing with claims when they are not making a meaningful effort to support ESG practices and yet describe themselves with vague terms like 'eco-friendly', 'socially responsible', and 'all natural'. Or when the terms used are true but irrelevant, like a deodorant company stating that their products are CFC free, when CFCs were banned long ago.



## Unsupported ESG claims

Zero-proof greenwashing occurs when companies put any ESG-related claims on their labels or in ad campaigns that they can't prove. When challenged, there is usually an excuse, like a 'secret formula' that can't be revealed to competitors.



## Hidden ESG evils

Brands are greenwashing when they claim a product is 'green' though only a small portion of its production process is. For example, a paper company claiming to be 'green' because its products are processed from sustainable tree plantations, without acknowledging the huge quantities of water consumed in the process. Or any company that claims to be environmentally sensitive because their packaging is made with recycled materials, but the contents are made without ESG practices.



## Short term ESG benefits

A claim that a company's activities are going to benefit the community it operates in when in fact they are going to cause long term harm. An example is energy companies whose fracking activities will boost local employment and profits in the short term but do lasting damage to the health and environment of the community over the years to come.



# Why greenwashing is very bad for business



If the inherently dishonest nature of greenwashing isn't enough to dissuade companies from doing it, maybe these three devastating consequences of greenwashing on businesses will do the trick.

## ***Increased likelihood of investigations and lawsuits***

Consumers and environmental marketing companies are increasingly investigating 'green' claims made by companies, and then exposing and reporting these greenwashing sins to regulators and the public. Volkswagen and Mercedes-Benz, in 2015 and 2016 respectively, were each investigated and found to be using so-called "defeat device software" to circumvent emissions testing. In doing so, the companies sold hundreds of thousands of cars and vans between 2009 and 2016 with diesel engines that didn't meet minimum emission standards. While Volkswagen got away with a \$75 million fine, Mercedes-Benz ended up forking out over \$1.5 billion to settle the claims against them.

## ***Destruction of brand image***

According to Askel Sustainability Solutions, "Whenever a company is outed as overreaching its environmental claims, a backlash happens. The brand's image takes a hit. This can further lead to a drop in sales when consumers go so far as to boycott a company they perceive as dishonest."

## ***Loss of consumer trust***

Also referred to as 'guilt by association', this is when one clothing manufacturer, for example, is found to be exploiting child labor, then all clothing companies are perceived as unethical. This results in genuinely sustainable companies having to work even harder to prove they are not engaging in harmful practices.

In an April 2021 interview with Forbes, Jonny White, Climate Accountability Lawyer with ClientEarth (a legal nonprofit advocating for systematic change from governmental and business stakeholders to ensure climate action in support of ESG goals), said: "Five years ago, there were fewer calls criticizing companies based on their sustainability marketing and practices. Now, not only does greenwashing pose significant risks, it's hard to know what to say to customers and investors if you are not genuinely on the sustainability journey."

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