



Recognising 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.

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 brands.

Companies have engaged in greenwashing via press releases and commercials touting their clean energy or pollution reduction efforts. In reality, the company may not be making a meaningful commitment to green initiatives. In short, companies that make unsubstantiated claims that their products are environmentally safe or provide some green benefit are involved in greenwashing.

Examples of Greenwashing

Here are just some examples of greenwashing that you probably recognise:

- A plastic package containing a new shower curtain is labeled "recyclable." It is not clear whether the package or the shower curtain is recyclable. In either case, the label is deceptive if any part of the package or its contents, other than minor components, cannot be recycled.
- An area rug is labeled "50% more recycled content than before." In fact, the manufacturer increased the recycled content to 3% from 2%. Although technically true, the message conveys the false impression that the rug contains a significant amount of recycled fiber.
- A trash bag is labeled "recyclable." Trash bags are not ordinarily separated from other trash at the landfill or incinerator, so they are highly unlikely to be used again for any purpose. The claim is deceptive because it asserts an environmental benefit where no meaningful benefit exists.

What are some other types of greenwashing?

One common form of greenwashing is to include misleading labeling or bury environmentally unsound practices in the fine print. This can include use of terminology such as "eco-friendly" or "sustainable," which are vague and not verifiable. Imagery of nature or wildlife can also connote environmental friendliness, even when the product is not green. Companies may also cherry-pick data from research to highlight green practices while obscuring others that are harmful. Such information can even come from biased research that the company funds or carries out itself.

And Greenwashing is not something that only small companies and organisations do. It happens in multi-nationals and international brands too. [Take a look at the top 11 companies caught-out in 2021.](#)

How can you spot greenwashing?

If greenwashing is going on, there is often no evidence to back up the claims that a company is making. Sometimes verifying can be difficult, but you can look to third-party research and analyst reports, as well as check the product's ingredients list. True green products will often be certified by an official vetting organization, which will be clearly labeled.

Why is greenwashing bad?

Greenwashing is deceitful and unethical because it misleads investors and consumers that are genuinely seeking environmentally friendly companies or products. Often, green products can be sold at a premium, making them more expensive, which can lead consumers to overpay. If greenwashing is revealed, it can seriously damage a company's reputation and brand.

The Bottom Line

Environmentalism and environmental, social, and governance (ESG) criteria have become important considerations for some investors. This has led many businesses to focus on becoming more eco-friendly by reducing waste, cutting emissions, recycling, and using renewable energy, among other efforts. However, some companies can instead cut corners and claim that they are doing these things to gain favor when, in reality, they are not.

And Greenhushing?

The latest trend in global business practice is called 'Greenhushing' and it the practice of rather saying nothing about environmental achievements or what is being done to be less impactful on our planet, because this draws scrutiny from others into what you are **not** doing. According to Jason Jay, director of the Sustainability Initiative at MIT Sloan, companies have long felt a need to occasionally turn down the volume on their sustainability focus.

"This is not new," he said. "Making claims ratchets up people's expectations, expectations lead to greater scrutiny, that scrutiny can lead to a kind of gotcha phenomenon. If a side effect of setting a goal is that a bunch of people are yelling from the outside for not getting there fast enough... that creates an incentive to be a little quieter."

According to a poll by South Pole Consulting, nearly a quarter of the 1,200 firms it surveyed don't plan to publicise their science-based emissions targets, which are deemed necessary to help curb the worst impacts of climate change. That's stirred speculation that a new era of "greenhushing" may portend a lack of progress. In any event, Jay noted that only about 160 large companies are believed to be responsible for 80% of global emissions. "They're all under heavy scrutiny," he said, making a global outbreak of regressive greenhushing unlikely.

Greenwashing is an unethical practice that can mislead investors and the general public.

Green Business Bureau
HOW TO SPOT AND STOP GREENWASHING
THE 5 SIGNS OF CORPORATE GREENWASH

SIGN #1: VAGUE TERMS AND SLOGANS
Sustainable, eco-friendly, natural, and green – what do these terms really mean?
Don't be fooled by companies saying the right thing. Look for the evidence to support their claim.

SIGN #2: USING NATURAL IMAGERY
Trees, butterflies, and a farmer's tractor – these are seductive images used to portray an eco-friendly business. Another common deceitful trick is using earth colors, such as blues, greens, and browns. Like with the use of vague terms and slogans, you need to look for evidence.

SIGN #3: A LACK OF TRANSPARENCY AND PROOF
Check the label, product description, or website for information about the brand's environmental impact and what initiatives they're involved in. Look for third-party certification as evidence a brand is environmentally responsible.

SIGN #4: IRRELEVANCE AND SIMPLICITY
Not all environmental claims are relevant. Sustainability is complex and businesses cannot solve this by focusing on a single initiative. Companies need to take a holistic approach to the problem of unsustainability.

SIGN #5: A LACK OF MODESTY
True business sustainability is a problem that hasn't been solved yet. No business should place itself on a pedestal when it comes to sustainable design. Brands must be humbled to address the challenges they face on their journey to becoming truly sustainable.

To find out more visit: <https://greenbusinessbureau.com/green-practices/what-is-greenwashing-and-how-to-spot-it/>