

Greenwashing

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Greenwashing escapes easy definition. The term was first coined in 1986 by environmentalist Jay Westerveld in an essay inspired by a stay at a hotel in Fiji. Westerveld noticed a small sign asking guests to reuse their towel for the sake of the environment— a gesture that would also, conveniently, save the hotel money. At the same time, the hotel was also expanding into the sensitive island ecosystems. It struck Westerveld that this practice reflected a broader pattern of businesses performing a token environmental gesture to mask their own negative impacts. Today, greenwashing broadly refers to any misleading or unsubstantiated claims made by an organization to create the false impression that its activities, products, or services are environmentally responsible. Greenwashing manipulates consumer demand and represents a significant impediment to genuinely greening the economy.

Environmentalism Sells

Greenwashing is a symptom of the commodification of environmentalism. Growing consumer and investor demand for sustainable products is [evidenced](#) by the growth of sustainable investment funds globally. Corporations have a powerful incentive to appear green. In doing so, firms can capture the reputational and commercial benefits of appearing sustainable without investing in environmentally sustainable products. If the 1990's were defined by shareholder wealth maximization, the more recent trend of corporate social responsibility has neither undermined shareholder value nor produced tangible results for the environment. Greenwashing becomes the rational choice to maximize profits. Environmentalism **sells**.

**To meet the challenge of the climate crisis,
environmentalism must mean real action, not
just a bragging point.**

Greenwashing in the Real World

Despite difficulties in definition, the telltale signs of Greenwashing are clear when you **know the signs**. Conceived by brilliant marketing minds, it is subtle by design. It can show up in these recurring patterns that, once you know them, are difficult to unsee.

Sources: [FSC logo](#), [Colorado E-Center guide](#)

1. Vague, unverifiable claims: eco-friendly, sustainable, green, bio, natural
2. Random or uncertified environmental labels including self-created logos
3. Misleading photos or graphics such as green imagery and nature aesthetics
4. The subtle bait and switch: having one “green” product among an abundance of unsustainable products and practices.
5. Lack of transparency
6. Hollow emotional appeals

So, what does greenwashing look like in practice? From poorly worded labels to decades of deliberate scientific suppression, the following examples show just how wide that spectrum is.

1. **ExxonMobil:** From 1977 to 2003 scientists at ExxonMobil were among the first to document the impacts of climate change. The company then [concealed those findings for decades](#) while publicly disputing the science.
2. **Volkswagen “Dieselgate”:** In 2015, Volkswagen claimed to be a global environment leader yet they [fraudulently programmed diesel engines](#) to perform differently during regulatory testing. In the real world, their nitrogen oxide emissions reached up to 40 times the legal limit.
3. **Coca-Cola’s plastic bottles:** Following an EU complaint, Coca-Cola was demanded to clarify that their “100% recyclable” claims apply only to the bottle body (not caps or labels). By 2030, [Coca-Cola is projected to be responsible](#) for dumping the equivalent of roughly 602 million kilograms of plastic into the world’s oceans and waterways every year.
4. **Keurig “K-Cup”:** Keurig led Canadian buyers to believe they could recycle single-use coffee pods through standard recycling bins. However, the pods weren’t accepted in most provinces. [Keurig was fined \\$3 million](#) and ordered to change its packaging claims.
5. **H&M:** A [2021 report by the Changing Markets Foundation](#) found that 96% of H&M’s sustainability claims did not hold up. Virtually all of them are designed to mislead environmentally conscious consumers.
6. **Delta Airlines:** Delta marketed itself as “the world’s first carbon neutral airline,” a claim backed by carbon offset credits. A [consumer class action lawsuit in 2023](#) was filed arguing the claim was false and misleading.

7. **Vanguard “Ethically Conscious Fund”**: Vanguard [marketed a billion-dollar bond](#) fund that excluded investment in fossil fuel. In 2024, an Australian court found the claim to be false and ordered Vanguard to pay \$12.9 million for making false and misleading representations to investors.

Investment greenwashing, as the last example demonstrates, may have even larger environmental impacts than consumption. The United States Securities and Exchange Commission’s own [2021 investor bulletin acknowledged](#) the problem plainly and noted that greenwashing allows funds to label and market themselves in ways that make it difficult for ordinary investors to distinguish actual sustainable strategies from claims that only perform it. The consequences of investment matter more than what you put in your shopping cart. The trillions of dollars moving through investment funds have more structural power over what gets built, drilled, and burned than any collection of individual consumer choices ever could.

It’s not just private companies that greenwash. State and non-state actors are also complicit. Governments and municipalities can make misleading climate pledges and international bodies can make non-binding commitments.

For example, [carbon offset schemes with questionable integrity](#). One [Guardian investigation](#) claimed over 90% of Verra-certified rainforest offset credits may be “phantom credits,” a claim Verra has denied. The UN’s own net zero pledges from member states face [similar scrutiny](#). Many rely heavily on carbon offsetting rather than direct emissions reductions with little binding enforcement.

Action to Halt Greenwashing

European Union

The EU has and is moving to ban generic misleading environment claims. Consider the scale of the problem: 54% of green claims in the EU contain vague, misleading or unfounded information, and 40% have no supporting evidence whatsoever. The [Green Claims Directive](#), expected to come into force in 2027, requires companies to get pre-approval from national verifiers before making environmental claims. The EU is also pursuing Right to Repair legislation that guarantees consumers the right to have products repaired rather than replaced. In early 2025, new European financial regulations designed to prevent misleading “green” marketing caused nearly 600 investment funds to drop or change their environmental and sustainability-related names in just three months.

United Kingdom

The ASA (Advertising Standards Authority), CMA (Competition and Markets Authority), and FCA (Financial Conduct Authority) are all active in this space. The [ASA has banned ads](#) from companies in many different industries that use deceptive greenwashing tactics including aviation, oil and gas, food and fashion. The CMA also published a [Green Claims code in 2021](#) and has launched investigations into major fashion retailers that claim to be “eco-friendly”.

United States

The SEC launched a [Climate and ESG Enforcement Task Force](#) in March 2021 to bring high profile actions against firms including Goldman Sachs, JPMorgan and Keurig Dr Pepper for misleading ESG claims. The Task Force was later disbanded in September of 2024, the SEC stating that the expertise had already been “absorbed” across its enforcement division. Additionally, under the second Trump administration, ESG is effectively no longer an enforcement priority as new Republican-majority SEC leadership intend to undermine rather than strengthen existing ESG rules. The FTC’s (Federal Trade Commission) [Green Guides](#), which serve as the primary federal framework for governing environmental marketing claims and carbon offsets, were last updated in 2012. Despite a public comment process launched in 2022, no update has been issued.

Hong Kong, Singapore, Brazil

Regulatory frameworks are [still developing](#), with new taxonomy-based classification systems and disclosure requirements being introduced.

Is Conscious Consumption Enough?

Environmentalism began as a movement rooted in collective survival, justice and a fundamental challenge to how industrial capitalism relates to the natural world. Somewhere along the way environmentalism became a brand identity, a product category and an investment strategy.

And nowhere is this truer than in investment. The decisions made inside investment funds have consequences that ripple far beyond a single purchase decision. When considering investing in such funds, it's essential to investigate such sustainable claims and not to take them at face-value.

Solutions cannot be left to the market. National and international policies can successfully regulate the environmental and ethical claims companies make about their products. The only way to decommodify environmentalism is to return it to something with genuine financial stakes for companies.

Luckily, those stakes can be enforced. And right now, the U.S. is moving in the wrong direction. The [SEC's climate disclosure rules](#) have been scaled back. The FTC's Green Guides haven't been meaningfully updated since 2012. The current administration has treated ESG accountability as a political target rather than a consumer protection issue. When regulators retreat, corporations fill that space on their own terms, and so, greenwashing flourishes.

The contrast with Europe is stark. The EU has [banned unsubstantiated green claims outright](#), introduced pre-approval requirements for environmental markets, and it's using Right to Repair legislation that targets overconsumption. These aren't perfect solutions, but they reflect a basic democratic principle: The public, not the corporation, decides what "sustainable" means.

