



The Negative Impact of Greenwashing on Climate Change Mitigation Efforts

Authors

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In 2022, a study found that ExxonMobil, Chevron, Shell, and BP, which together are responsible for over 10% of global carbon emissions, tend to make climate claims that do not match their actual actions (Li, et al., 2022; Carrington, 2022). This is an example of “greenwashing,” a marketing tactic used to make a company or product appear environmentally friendly without meaningfully reducing its environmental impact (Das, 2022). With public awareness of climate change increasing in recent years and people expecting broader climate policies that go beyond the current state of affairs, there is immense pressure on both the public and private sectors to implement urgent measures to decrease CO₂ emissions in order to gain or maintain public approval (UNDP, 2021). Unfortunately, instead of taking real action, some companies resort to the malicious tactic of greenwashing.

According to the Ecolabel Index, there are currently 456 recognized eco-labels being used in 199 countries across the world (EI, 2023). Due to a lack of effective regulation of these labels and false representation by companies, for example, the Deutsche Bank Greenwashing Scandal (Reuters, 2023), it can feel impossible to know whether a product or service is as environmentally friendly as it is advertised to be. Greenwashing is more than a simple deception or misrepresentation, and it has long-reaching impacts on consumers. A 2015 study involving online surveys of “green” consumers found that greenwashing led to increased green consumer skepticism (Aji & Sutikno, 2016). When applying for eco-labels, companies (depending on their size and the type of label) usually must pay application or annual fees of hundreds (EU, 2023) or thousands of euros (Nordic Swan, 2023; Cheng, 2020). These fees, although they appear nominal, represent a huge market when applied across the thousands of products that bear eco-labels.

In recent decades, as governments and consumers have started to question companies’ environmental practices, businesses have cared whether they appear “environmentally friendly” or not (Vos, 2014), and the environment has become a priority in marketing campaigns. A study by Aggarwal & Kadyan in 2014 rated the extent of greenwashing by large companies in different sectors, and found that a high percentage of companies (60% in the automobile sector) greenwash their claims, suggesting these companies divert resources towards deceptive marketing tactics

rather than genuine sustainability initiatives. This diversion of resources prolongs unsustainable practices (Morgan & Birtwistle, 2009) and prevents the industry from making necessary investments in crucial areas like research, development, and infrastructure that would create opportunities for real change (Nguyen, 2023).

When companies deceptively paint themselves as environmentally responsible by making unsubstantiated claims and projecting a misleading eco-friendly image, it hinders both public pressure and governmental regulations from driving meaningful change. The practice whereby oil companies engage in elaborate marketing and PR campaigns to proclaim their commitment to achieving zero emissions while simultaneously continuing to make substantial investments in fossil fuels (Carrington, 2022), undermines the urgency to take significant measures to reduce carbon emissions. Other industries like the travel, fashion and food sectors, which also have considerable roles to play concerning climate change, very often make minimal improvements in their business models to justify “green” branding (Hameed et al., 2021), misleading customers and evading the very urgent need for concrete action towards genuine sustainability.

Greenwashing not only deceives consumers but also significantly influences policy-making, hampering our collective fight against anthropogenic climate change. The false illusion propagated by greenwashing hinders our sense of urgency, impeding our ability to respond effectively to this global crisis through effective measures and policies (Lyon T.P 2018). Take the European Union, where elected officials often understandably lack expertise in every field. To bridge this knowledge gap, they frequently seek advice from organizations such as the European Energy Forum. However, these seemingly impartial organizations, including Eurogas, FuelsEurope, and Hydrogen Europe, are wolves in sheep’s clothing, as their primary purpose is actually to lobby for the fossil fuel industry and present it to our elected officials as reliable, impartial, and honest (Euronews 2023). To combat the detrimental effects of greenwashing on policy, it is essential to scrutinize lobbying organizations’ motivations and push for transparency and accountability in the decision-making process.

Moreover, when companies engage in superficial initiatives solely to gain public approval and project a green image without making a meaningful impact, it creates a discouraging dynamic. According to a recent article (Robinson, 2022), various fast fashion companies have been called out for greenwashing practices.

However, they have not made substantial changes to their campaigns to genuinely promote sustainability. This situation can lead other companies to become complacent, viewing greenwashing as a more cost-effective alternative to implementing true eco-friendly initiatives. Consequently, these companies may be less motivated to invest in sustainable improvements, as the mere appearance of environmental sustainability seems sufficient. As a result, resources that could drive genuine sustainability initiatives are diverted away, hindering the potential for a more significant positive impact on the environment and society.



Greenwashing often involves making claims that are not supported by evidence, using vague or meaningless terms, or using misleading labels (Pears, Baines, & Williams, 2023). For instance, in the 2022 study mentioned above, the studied companies increased the use of words like climate and mitigation in their annual reports without any strong data from real actions (Carrington, 2022). On a positive note, however, the greater awareness of malicious greenwashing tactics is fuelling a growing scepticism about corporate green claims (Kim & Lyon, 2014).

In terms of environmental justice, greenwashing can exacerbate social and economic disparities by reinforcing structural inequalities. Greenwashing not only refers to the misrepresentative environmental discourse of a company, but can also be related to environmental actions that disproportionately affect vulnerable communities (Shmuel & Halle, 2023). Appropriation of Indigenous worldviews for marketing purposes is commonly used to showcase a company's environmental ethos, reinforcing a settler colonial mentality and exploiting Indigenous knowledge structures (Hellmann, 2023). Knowledge colonialism and information asymmetry between companies and consumers can also be used to support historical power imbalances by failing to provide accurate information to consumers, thus limiting their buying power and decision-making abilities (Nemes et al., 2022). In this way, greenwashing not only contributes to inequalities through selective and misleading dissemination of information but also through perpetuating historical disparities and promoting the systematic exploitation of Indigenous cultural values and beliefs.

Without transparency, the credibility of a company and its claims regarding environmental practices can be undermined and create a sense of skepticism in consumers. In an attempt to be transparent, certification systems are widely used by companies. Although this brings some positive economic behaviours, there is a potential danger of encouraging greenwashing and devaluing certification if companies do not comply with the standards prescribed in the certification (Nygaard, 2023). Nevertheless, there are regulating bodies worldwide that have been taking action towards transparency in recent years. For instance, the Advertising Standards Authority (ASA) and The Committee of Advertising Practice (CAP) in the UK have updated their advertising guidance "on the use of carbon neutral and net zero claims in advertising" (Committee of Advertising Practice Ltd. [CAP], 2023). This is only an example of possible action at the government level, but making conscious choices when it comes to our political representatives or putting pressure on financial institutions (Andreoni, 2023) will help to shed light on the greenwashing problem and drive change towards more stringent regulations.

By giving the impression that the private sector is leading the carbon transition on its own, greenwashing tends to reduce regulatory efforts towards carbon neutrality. The current legal framework regarding

misleading commercial practices should be extended to cover greenwashing (Feinstein 2013). In the European Union (EU), a simple amendment of Directive 2005/29/EC concerning unfair business-to-consumer commercial practices to broaden the definition of "misleading practice" would be enough to stop greenwashing in the entire EU single market. This very simple step will not happen without a major public mobilization to promote international commitments,

adapt national legislations, and enforce local controls. It is high time to put the prevention of greenwashing on the agenda of international climate discussions. Addressing greenwashing at the UNFCCC's Conference of Parties (COP) in December 2023, would be an important step to stop these deceptive tactics that hinder effective climate actions.

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